



**PUBLIC PROCUREMENT AND DISPOSAL  
OF PUBLIC ASSETS AUTHORITY**  
*"Procurement That Delivers"*

**COMPLIANCE INSPECTION REPORT FOR FINANCIAL YEAR  
2023/2024**

**HOIMA REGIONAL REFFERAL HOSPITAL**

**MAY 2025**

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## ACRONYMS

Act	Public Procurement and Disposal of Public Assets Act, Cap. 205
CC	Contracts Committee
FY	Financial Year
GCC	General Conditions of Contract
HPDU	Head, Procurement and Disposal Unit
MOH	Ministry of Health
ITB	Instruction to the Bidders
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
PS/ST	Permanent Secretary and Secretary to Treasury
SCC	Special Conditions of Contract
UGX	Uganda Shillings

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a compliance inspection of the procurement and disposal activities of Hoima Regional Referral Hospital that covered a sample of 10 procurement transactions for Financial Year 2023/2024.

The overall objective of the compliance inspection was to assess and establish the degree of compliance of Hoima Regional Referral Hospital procurement and disposal systems and processes with the provisions of the PPDA Act, Cap. 205 and the attendant PPDA Regulations and assess the level of procurement performance over the period.

From the findings of the compliance inspection, the performance of Hoima Regional Referral Hospital for the Financial Year 2023/2024 was **moderately satisfactory** with overall weighted average risk rating of **53%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of this audit report.

**Despite the moderately satisfactory performance, the following key exceptions were noted:**

1. Failure to fully constitute the Contracts Committee contrary to Section 29 (1) (schedule 4) of the PPDA Act Cap 205 which limited effectiveness and harnessing of different competencies of the committee;
2. Failure to implement 64.7% (UGX 1,032,446,607) of the procurement plan which denied service delivery to the intended beneficiaries;
3. Failure to adhere to reporting timelines contrary to Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023 which hindered transparency and accountability for procurements undertaken in the financial year;
4. Failure to implement 56% of the previous audit recommendations which denied the Entity an opportunity to continuously improve in their procurement processes;
5. In two procurements worth UGX 1,351,641,482, the Head Procurement and Disposal Unit issued inadequate bidding documents with unclear instructions to bidders and lacked statement of requirements among others contrary to Regulation 42 of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023 which exposed the Entity to the risk of receiving non-responsive bids;
6. In four procurements worth UGX 173,533,836, the Head Procurement and Disposal Unit used the wrong bidding document under Framework Contracts contrary to Paragraph 6.1 of the PPDA Guidance on use of Framework Contracts for procurement of supplies, works and non-consultancy services 2014 which hindered competition, transparency and fairness in the procurement process due to non-disclosure of all information at bidding stage;
7. There was low bidder participation in seven procurements worth UGX 649,173,831 which reduced competition in the procurement process and affected achievement of value for money;
8. In all the sampled procurements worth UGX 2,727,860,668, the Procurement and Disposal Unit did not issue the notice of best evaluated bidder to bidders who participated in the bidding process contrary to Regulation 3 (4 & 5) of the PPDA (Contracts) Regulations, 2023 which denied bidders an opportunity to request for clarification which may be vital for improvement of future bids and against the principle of transparency in the procurement process;
9. Irregular reduction of quantities in the statement of requirements for the procurement of supply of assorted medical equipment under Government of Uganda worth UGX 70,000,000 without engaging the provider contrary to Regulation 3(2) (b) of PPDA

(Negotiations) Regulations, 2023 which exposed the Entity to the risk of the supplier rejecting the contract;

10. In all the sampled procurements worth UGX 2,727,860,668, there were missing records on procurement action files such as requisition forms, Contracts Committee minutes, issue forms, receipt forms, bid opening forms, completion reports among others contrary to Regulation 9 (1) of the PPDA (Contracts) Regulations 2023. This hindered accountability and transparency in the procurement process;
11. Failure to prepare a disposal plan which exposed the Entity to the risk of not disposing off items due for disposal or not following appropriate disposal procedures in case of a disposal contrary to Section 60 (1-2) of the PPDA Act Cap 205;
12. Failure to dispose of items identified in the Board of Survey report for financial year 2022/2023 such as Hospital mattresses, wheel chairs, wheel barrows, sanction machine, assorted laboratory chairs among others contrary to Regulations 2 (1) and (2) of the PPDA (Disposal of Public Assets) Regulations, 2023 which inhibited the achievement of value for money as funds are held up in assets;
13. For all sampled procurements worth UGX 2,727,860,668, the Entity did not appoint Contract Managers contrary to Regulation Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023 which hindered effective contract implementation;
14. Non-Payment of UGX 52,644,612 to service providers in Table 10 of this report which exposes the Entity to legal risks such as penalties for late payments in case the providers sue the hospital; and
15. Execution of works against an expired contract for the construction of staff accommodation at the Blood Bank worth UGX 1,281,641,482 contrary to Regulations 52 PPDA (Contracts) Regulations 2023. This exposed the Entity to legal risks in case of disputes.

**In light of the above exceptions, the Authority recommends the following:**

1. The Permanent Secretary Ministry of Health should task the Accounting Officer to show cause why disciplinary action should not be taken against him for failure to implement 56% of previous audit recommendations contrary to Section 10 (b) (iii) of the PPDA Act, Cap. 205.
2. The Accounting Officer should;
  - i. Task the Head of Procurement and Disposal Unit to show cause why disciplinary action should not be taken him for;
    - a) Preparing inadequate solicitation documents contrary to Regulation 42 of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023;
    - b) Failure to issue the notices of best evaluated bidders to all bidders who participated in the procurement and evidence thereof put on file in contravention of Regulation 3 (4) & (5) of the PPDA (Contracts) Regulations, 2023;
    - c) Failure to keep all records regarding procurement and disposal proceedings are properly kept and filed in their respective files in accordance with Section 44 of the PPDA Act Cap. 205; and
    - d) Failure to implement 64.7% of the procurement plan contrary to Section 60 (7) of the PPDA Act, Cap 205;
  - ii. Task the District Internal Auditor to show cause why disciplinary action should not be taken against him for failure to implement 56% of previous audit recommendations in accordance with Section 10 (b) (iii) of the PPDA Act, Cap. 205.

- iii. Ensure that monthly reports on procurements and disposals are prepared and submitted to the Authority in a timely manner in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023;
  - iv. Ensure that all procurements are conducted in a manner that promotes transparency, accountability and fairness in accordance with Section 48 of the PPDA Act, Cap 205;
  - v. Devise mechanisms to find out the cause of low bidder participation such as holding supplier conferences among others to reduce on low bidder participation;
  - vi. Ensure that all outstanding payments to providers including but not limited to Bunyoro Kitara Fumigation Services, Lifhiket Company Limited and Pedro Group of Companies are made in accordance with the provisions of the contracts to avoid un necessary legal costs.
  - vii. Always ensure that the Entity prepares a disposal plan capturing all items identified in the Board of Survey as due for disposal in line with Section 60 (1-2) of the PPDA Act Cap 205;
  - viii. Ensure that User Department(s) that is responsible for the management of public assets, initiate the disposal process as per Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023; and
  - ix. Always appoint Contract Managers for all the procurements in accordance with Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023.
3. The Head Procurement and Disposal Unit should;
- i. Use the framework contract bidding document when undertaking framework contracts in accordance with Paragraph Paragraph 6.1of the PPDA Guidance on use of Framework Contracts for procurement of supplies, works and non-consultancy services 2014; and
  - ii. Ensure that the negotiation process is conduct with the supplier in case there is need to reduce on the quantities to fit within the existing budget or change of original contract terms in the bidding document in accordance with Regulation 3(2) (b) of the PPDA (Negotiations) Regulations, 2023.
4. The Contracts Committee should critically review bidding documents submitted by the Procurement and Disposal Unit to ensure that there are no inconsistencies in accordance with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.
5. Contract Managers should always closely monitor contract durations and immediately recommend for extension in case of contracts that cannot be completed within the agreed initial period.in accordance with Regulations 52 PPDA (contracts) Regulations, 2023.

Hoima Regional Referral Hospital should implement the recommended action plan on pages **21** to **23** of this report

## CHAPTER 1: INTRODUCTION

### 1.1. Background

The Public Procurement and Disposal of Public Assets Authority carried out a compliance inspection on the procurement and disposal activities of Hoima Regional Referral Hospital that covered a sample of 10 procurement transactions for works, supplies and services under Financial Year 2023/2024. The audit involved a review of procurement and disposal structures, systems and processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, Cap. 205 and the attendant PPDA Regulations.

### 1.2. Main Audit Objective

The overall objective of the compliance inspection was to assess and establish the degree of compliance of Hoima Regional Referral Hospital procurement and disposal system and processes with the provisions of the PPDA Act, Cap. 205 and the attendant Regulations and assess the level of procurement performance over the audit period.

The specific objectives of the compliance inspection were to:

1. Establish the level of compliance by the Entity with the general provisions of the PPDA Act, Cap. 205 and the attendant PPDA Regulations with regard to the performance of the procurement structures and conduct of procurement and disposal processes;
2. Assess the degree of compliance of the Entity' disposal process with the provisions of the PPDA Act, Cap. 205 and the attendant PPDA Disposal Regulations, 2023; and
3. Assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process.

### 1.3. Scope of the Audit

The Authority carried out compliance inspection of Hoima Regional Referral Hospital from 10<sup>th</sup> February 2025 to 12<sup>th</sup> February 2025. The exercise covered a sample of 10 procurement transactions worth UGX 2,727,860,668 during the Financial Year 2023/2024, a review of procurement structures and review of the procurement plan performance.

### 1.4. Audit Methodology

A sample of 10 procurement transactions was selected based on stratified random sampling using the Contracts Committee minutes and monthly procurement and disposal reports.

Two Senior Officers-Performance Monitoring examined records and documents for each sampled procurement transaction and obtained the relevant evidence to derive audit conclusions under supervision of the Regional Manager, Central Regional Office. This involved a review of the Entity's procurement/disposal planning, initiation, bidding, evaluation, contract placement and processes. At the end of the document review, physical verification was undertaken to ascertain the level of contractual delivery and fitness for purpose. Special attention was given to reporting mechanisms within the Entity and internal controls due to repeated failures by the Entity as highlighted in previous audit reports. During the compliance inspection exercise, the auditors held interviews with the staff from the Procurement and Disposal Unit (PDU) and the User Departments that were necessary for obtaining crucial qualitative information about the internal control system and processes in place.

A debrief meeting to discuss preliminary findings was held with the Entity's management and staff on 12<sup>th</sup> February 2025 before the audit team could embark on preparation of the

management letter. The management letter was sent to the Entity on **6<sup>th</sup> March 2025** with a request to submit a Management Response by **19<sup>th</sup> March, 2025** which was submitted on **7<sup>th</sup> April, 2025**.

### **1.5. Procurement Structure**

The key players in the procurement structure at Hoima Regional Referral Hospital included the Hospital Director who is the Accounting Officer, the Contracts Committee, the Procurement and Disposal Unit and the User Departments. The Authority found that the Entity's procurement structures were functional at the time of the audit.

#### **i. Accounting Officer**

Section 28 of the PPDA Act, Cap 205 gives the Accounting Officer the overall responsibility for the successful execution of procurement, disposal and contract management in the Procuring and Disposing Entity. During the financial year 2023/2024, Dr. Ibrahim Bwaga was designated as the Accounting Officer.

#### **ii. Composition of the Contracts Committee.**

Section 29 (1) (Schedule 4) of the PPDA Act, Cap 205 provides that a Contracts Committee shall be composed of five members i.e, the Chairperson, Secretary and a maximum of three other members appointed by the Accounting Officer.

During the period under review, the Contracts Committee was composed of four members as indicated in Table 1 below.

**Table 1: Composition of Contracts Committee**

<b>No.</b>	<b>Name</b>	<b>Job Title</b>	<b>Position on the Contracts Committee</b>
1.	Mr. Martin Engulu	Engineering Technician	Secretary
2.	Mr. Ronald Kawalya	State Attorney	Member
3.	Dr. Carolyne Atino	Medical Officer	Member
4.	Ms. Grace Biribonwa	Principal Psychiatric Clinical Officer	Member

### **Implication**

Failure to fully constitute Contracts Committee limits the effectiveness and harnessing of different competencies of the committee.

### **Management Response**

Management acknowledged the auditor's observation and promised to nominate the fifth member to the PS/ST for approval.

### **Recommendations:**

The Accounting Officer should:

- i. Appoint one of the members of the Contracts Committee as the Chairperson of the Committee and inform the Permanent Secretary/Secretary to the Treasury (PS/ST) Ministry of Finance, Planning and Economic Development and the Authority in

accordance with Regulation 4 (10) of the PPDA (Procuring and Disposing Entities) Regulations, 2023; and

- ii. Nominate a fifth member from among the public officers of the Entity and submit them to PS/ST for approval to fully constitute the Contracts Committee in line with Section 29 (1) (schedule 4) of the PPDA Act Cap 205.

- iii. **Staffing of the Procurement and Disposal Unit**

Section 32 of the PPDA Act, Cap. 205 provides that a Procuring and Disposing Entity shall establish a Procurement & Disposal Unit staffed at an appropriate level.

The Authority noted that the Procurement and Disposal Unit was staffed with a Procurement Officer Mr. Moses Odeng who has a Bachelor's degree in Procurement and Stores Management

## CHAPTER 2: FINDINGS AND RECOMMENDATIONS

### 2.1 COMPLIANCE BY THE ENTITY WITH THE GENERAL PROVISIONS OF THE PPDA ACT CAP 205 AND THE ATTENDANT PPDA REGULATIONS WITH REGARD TO THE PERFORMANCE OF THE PROCUREMENT STRUCTURES AND CONDUCT OF PROCUREMENT PROCESSES.

#### 2.1.1 Failure to implement 64.7% of the Procurement Plan

Section 60 (7) of the PPDA Act, Cap 205 provides that a Procuring and Disposing Entity shall, on a quarterly basis and in any other case, wherever necessary, review and update its procurement plan.

A comparison of the procurement plan and procurement reports revealed that during the period under review, the Entity implemented procurements worth UGX 563,432,414 (35.3%) out of the planned procurements of UGX 1,595,879,021 as summarized in Table 2 below:

**Table 2: Analysis of Procurement Spend**

Total procurement plan value inclusive VAT (UGX)	1,595,879,021
Total procurement spend value inclusive VAT (UGX)	563,432,414
Implementation Rate (%)	35.3%
Implementation variance (UGX)	1,032,446,607
Implementation variance (%)	64.7%

**NB.** This does not include hybrid procurements worth UGX. 2,484,326,832 planned and initiated by Ministry of Health for Hoima Blood Bank.

#### **Implication**

This hindered service delivery to the intended beneficiaries.

#### **Management Response**

Management acknowledged the Authority's observation and explained that items like water bills, electricity bills and fuel were not included in the procurement plan since they are paid directly to the service providers due to their nature of being sole providers.

#### **Authority's Comment**

As mentioned by the Entity, water bills, electricity and fuel are considered to be procurements and should be captured in the monthly reports for subsequent approval by the Contracts Committee.

#### **Recommendation**

The Accounting Officer should ensure that all procurements undertaken are reported on a monthly basis in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023

### 2.1.2 Failure to adhere to reporting timelines

Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023 provides that a Procuring and Disposing Entity shall for each month, submit to the Authority, by the fifteenth day of the following month, a report on the procurement activities under taken by the Procuring and Disposing Entity.

A review of the monthly reports submitted by the Entity to the Authority noted that the Entity delayed to submit monthly reports for eight months by an average of 80 days. The Authority also noted that the Entity did not submit the monthly report for the month of June 2024 as indicated in Table 3 below:

**Table 3: Details of submission of quarterly reports**

S/N	Quarter	Date reports should have been submitted	Date received by the Authority	No. of days delayed
1.	July 2023	15 <sup>th</sup> August 2023	11 <sup>th</sup> January 2024	138
2.	August 2023	15 <sup>th</sup> September 2023	11 <sup>th</sup> January 2024	108
3.	September 2023	15 <sup>th</sup> October 2023	11 <sup>th</sup> January 2024	78
4.	October 2023	15 <sup>th</sup> November 2023	11 <sup>th</sup> January 2024	48
5.	February 2024	15 <sup>th</sup> March 2024	5 <sup>th</sup> July 2024	111
6.	March 2024	15 <sup>th</sup> April 2024	5 <sup>th</sup> July 2024	81
7.	April 2024	15 <sup>th</sup> May 2024	5 <sup>th</sup> July 2024	51
8.	May 2024	15 <sup>th</sup> June 2024	5 <sup>th</sup> July 2024	21
9.	June 2024	15 <sup>th</sup> July 2024	Not submitted	-
			<b>Average</b>	<b>79.5 days</b>

#### **Implication**

This hinders transparency and accountability for procurements undertaken in the financial year.

#### **Management response**

Management acknowledged the Authority's observation and attributed the anomaly to budget constraints which could not allow for timely submission of reports.

#### **Recommendation**

**The Authority noted the management response and recommends that;**

The Accounting Officer should ensure that monthly reports on procurements and disposals are prepared and submitted to the Authority in a timely manner in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

### 2.1.3 Failure to implement 56% of the previous audit recommendations.

Hoima Regional Referral Hospital was issued with its previous audit report for the Financial Year 2022/2023 in June 2024. Out of the 18 recommendations made, 10 (56%) recommendations were not implemented as indicated in Table 4 below:

**Table 4: Implementation of previous audit recommendations**

S/N	Recommendation	Status
1.	The Accounting Officer should appoint Contracts Committee members using Form 1 as provided in the PPDA (Procuring and Disposing Entities) Regulations,	Not Implemented

S/N	Recommendation	Status
	2023.	
2.	The Accounting Officer should put in place a strong internal mechanism and a dedicated team of staff to ensure full implementation of the Authority's previous audit recommendations.	Not implemented
3.	The Accounting Officer should ensure that monthly reports on procurements and disposals are prepared and submitted to the Authority by the fifteenth day of the following month in line with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.	Not implemented
4.	The Accounting Officer should regularly review implementation of the procurement plan and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003.	Not Implemented
5.	The Accounting Officer should engage the Authority to organize capacity building sessions for User Departments and PDU Staff on preparation of bidding documents.	Not Implemented
6.	The Accounting Officer should task the Head of Procurement and Disposal Unit to show cause why disciplinary action should not be taken against him for receiving a bid from a bidder that was not issued with the bidding document.	Not Implemented
7.	The Accounting Officer should task the Chairperson of the Evaluation Committee to show cause why disciplinary action should not be taken against him for negligence during the Evaluation of Bids.	Not Implemented
8.	The Accounting Officer should task Mr. Geoffrey Mawa to show cause why disciplinary action should not be taken against him for signing Contracts without written Authorization.	Not Implemented
9.	Contracts Committee should Scrutinize solicitation documents with emphasis on the Instructions to Bidders, Bid Data Sheet, evaluation criteria and methodology, Statement of Requirements and the Special Conditions of the Contract in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.	Not Implemented
10.	The Head PDU should ensure that standard bidding documents are complete with all Sections in line with Regulations 33-40 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.	Not Implemented

### Implication

Failure to fully implement previous audit recommendations denies the Entity an opportunity to continuously improve in their procurement processes.

### Management Response

Management acknowledged the Authority's observation and promised to improve.

### **Recommendation**

The Permanent Secretary Ministry of Health should task the Accounting Officer to show cause why disciplinary action should not be taken against him for failure to implement 56% of previous audit recommendations contrary to Section 10 (b) (iii) of the PPDA Act, Cap. 205.

#### **2.1.4 Inadequate Bidding Documents**

Regulation 42 of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023, provides that a Procuring and Disposing Entity shall, when preparing each bidding document ascertain that; the most appropriate type of contract shall result from the procurement proceedings in terms of contractual protection to the Procuring and Disposing Entity, structure of payment, payment terms and method of payment among others.

In two procurements worth UGX 1,351,641,482, the Head Procurement and Disposal Unit issued inadequate bidding documents with unclear instructions to bidders and lacked statement of requirements among others as indicated in Table 5 below:

**Table 5: Procurement with inadequate bidding documents**

<b>S/ N</b>	<b>Subject of Procurement</b>	<b>Value (UGX)</b>	<b>PPDA Findings</b>
1.	Construction of Staff Accommodation for Blood Bank for Hoima Region	1,281,641,482	<ul style="list-style-type: none"><li>• ITB 34.1 stated that the Margin of Preference shall not apply.</li><li>• Contradiction on the address of delivery of bids; Item no. 6 of the advert clearly indicates that bids will be delivered to the Head PDU offices at Hoima Referral whereas ITB 22.1 of the bidding document states that for bid submission purposes only, the Employers address is The Head PDU Ministry of Health Headquarters Room C107, Plot 6/7 Louredel Road, P.O. Box 7272, Kampala <a href="tel:+25641425694">Tel:+25641425694</a></li></ul>
2.	Supply of assorted medical equipment under Government of Uganda	70,000,000	<ul style="list-style-type: none"><li>• The date of issue was not stated</li><li>• RFQ signed by Moses Odeng who is not the Accounting Officer.</li><li>• The activity schedule lacked dates for bid closing, evaluation process, display of BEB and contract signature.</li><li>• Failure to state the bid validity date.</li><li>• Failure to indicate the details of bid submission including but not limited to date of deadline, time of deadline and the address.</li><li>• The currency in which quotations may be priced was not stated.</li></ul>
	<b>Total</b>	<b>1,351,641,482</b>	

### **Implication**

Inconsistencies in the bidding document may cause confusion among the bidders which may result into an administrative review causing unnecessary delays in the procurement process.

### **Management Response**

Management acknowledged the Authority's observation and explained that most of the bidding documents were prepared by the Ministry of Health like the construction of staff accommodation for Blood Bank for Hoima region.

### **Authority's Comment:**

Whereas these documents were prepared by Ministry of Health, the Entity's Contracts Committee is tasked with the responsibility of making the necessary approvals and customisation. The responsibility of issuing adequate bidding documents solely lies with the Entity.

### **Recommendations**

- The Accounting Officer should task the Head of Procurement and Disposal Unit to show cause why disciplinary action should not be taken him preparing inadequate solicitation documents in accordance with Regulation 42 of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023.
- The Contracts Committee should critically review bidding documents submitted by the Procurement and Disposal Unit to ensure that there are no inconsistencies in accordance with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.
- The Head of Procurement and Disposal Unit should prepare adequate solicitation documents in accordance with Regulation 42 of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023.

#### **2.1.5 Use of wrong bidding document under framework contract procurements.**

Paragraph 6.1 of the PPDA Guidance on use of Framework Contracts for procurement of supplies, works and non-consultancy services 2014, requires Procuring and Disposing Entities to use PPDA's Standard Bidding Document for framework contracts and use the open bidding method for the procurement of supplies, works or services when using framework contracts.

In four procurements worth UGX 173,533,836, the Head Procurement and Disposal Unit used a prequalification bidding document instead of the framework contract bidding document as detailed in Table 6 below:

**Table 6. Framework contracts entered into using pre-qualification results**

<b>S/N</b>	<b>Subject of Procurement</b>	<b>Provider</b>	<b>Amount (UGX)</b>
1.	Provision of indoor cleaning services under framework contract for a period of 3 financial years (2021-24)	Bunyoro Kitara Fumigation Services	87,123,204
2.	Provision of outdoor cleaning services under framework contract for a period of 3 financial years (2021-24)	Lifhiket Company Ltd	30,000,000
3.	Provision of Maintenance of water and sewage system under framework contract for three years (2021-24)	Bunyoro Kitara Fumigation Services	24,010,632

S/N	Subject of Procurement	Provider	Amount (UGX)
4.	Supply of cooked food under framework contract for a period of 3 financial years (2021-24)	Pedro Group of Companies	32,400,000
	<b>Total</b>		<b>173,533,836</b>

The bidding document did not include key items necessary for entering into a framework contract as listed below:

- i. The estimates of the quantities of the materials the Entity intends to buy.
- ii. The estimated unit costs (to be completed by bidders).
- iii. The estimated total bid price and price schedules based on the estimated quantity of supplies or services.
- iv. The duration of the framework contract e.g., three months, six months, one-year etc
- v. The evaluation methodology which covered acceptable response times to call-off orders, delivery points among others.
- vi. The statement of requirements providing sufficient information to enable bidders to efficiently and accurately prepare bids that are realistic and competitive and to ensure that bids meet the Procuring and Disposing Entity's needs.
- vii. A sample call-off order was not attached to the Agreement form, as an example of the call-off orders to be placed under the framework contract supported by a list of supplies, scope of work or terms of reference for the services and price schedule.

#### **Implications**

- This hinders competition, transparency and fairness in the procurement process due to non-disclosure of all information at bidding stage.
- This exposed the hospital the risk of disagreements with the quantities to be supplied and the prices due to limited information in the bidding document

#### **Management Response**

Management acknowledged the auditor's observation and pledged to improve with constant guidance from PPDA.

#### **Recommendation**

The Head PDU should always use the framework contract bidding document when undertaking framework contracts in accordance with Paragraph 6.1 of the PPDA Guidance on use of Framework Contracts for procurement of supplies, works and non-consultancy services 2014

#### **2.1.6 Low Bidder participation**

Section 49 of the PPDA Act Cap. 205 states that all procurement and disposal activities shall be conducted in a manner that maximizes competition and achieve value for money.

Seven procurements worth UGX 649,173,831 under open domestic bidding method had a low bidder response rate. They attracted one or two bidders at an average response rate of 1.5 bids as indicated in Table 7 below.

**Table 7: Procurements with Low Bidder Participation**

S/N	Subject of Procurement	Contract Amount (UGX)	No. of Bidders
1.	Provision of indoor cleaning services under framework contract for a period of 3 financial years (2021-24)	87,123,204	2
2.	Provision of outdoor cleaning services under framework contract for a period of three financial years (2021-24)	30,000,000	1
3.	Provision of Maintenance of water and sewage system under framework contract for three years (2021-24)	24,010,632	1
4.	Supply of cooked food under framework contract for a period of three financial years (2021-24)	32,400,000	1
5.	Supply of furniture Equipment for Hoima regional referral hospital blood bank	105,639,995	2
6.	Supply of assorted medical equipment under GOU	70,000,000	2
7.	Supply of Motor Vehicle for Hoima Regional Referral Hospital Blood Bank	300,000,000	2
	<b>Total</b>	<b>649,173,831</b>	<b>1.5</b>

**Implication**

Limited number of bids reduces competition in the procurement process thus hindering achievement of value for money.

**Management Response**

Management acknowledged the observation and pledged to adhere to the Authority's recommendations.

**Recommendations**

- The Accounting Officer should ensure that all procurements are conducted in a manner that promotes transparency, accountability and fairness in accordance with Section 48 of the PPDA Act, Cap 205.
- The Accounting Officer should devise mechanisms to find out the cause of low bidder participation such as holding supplier conferences among others to reduce on low bidder participation.

**2.1.7 Failure to issue the notice of best evaluated bidder to bidders who participated in the bidding process**

Regulations 3 (4) and (5) of the PPDA (Contracts) Regulations, 2023 provide that a Procuring and Disposing Entity shall deliver a copy of the notice of best evaluated bidder to all the bidders and obtain proof of delivery.

The Authority noted that in all the sampled procurements worth UGX 2,727,860,668, the Head Procurement and Disposal Unit did not issue the notices of best evaluated bidder to all the bidders who participated in the bidding process.

### **Implication**

Failure to deliver the notices of the best evaluated bidders denies bidders an opportunity to request for clarification which may be vital for improvement of future bids and against the principle of transparency in the procurement process.

### **Management Response**

Management acknowledged the Authority's observation and promised to improve in the subsequent procurements.

### **Recommendation**

The Accounting Officer should task the Head Procurement and Disposal Unit to show cause why disciplinary action should not be taken against him for failure to issue the notices of best evaluated bidders to all bidders who participated in the procurement and evidence thereof put on file contrary to Regulations 3 (4) & (5) of the PPDA (Contracts) Regulations, 2023.

#### **2.1.8 Irregular reduction of the quantities without engaging the provider.**

Regulation 3(2) (b) of PPDA (Negotiations) Regulations, 2023 requires that where the evaluation team recommends for negotiation of the requirements to fit in the existing budget, a negotiation team will be formed to conduct negotiation to reduce on the quantities of the given procurement.

In the procurement of supply of assorted medical equipment under Government of Uganda worth UGX 70,000,000, the Ministry of Finance, Planning & Economic Development informed the Entity that the available funds were only UGX 70,000,000. However, the User Department reduced the quantities of supplies to fit in the budget of UGX 70,000,000 from the UGX 201,683,000 quoted by the best evaluated bidder without engaging the bidder in negotiations.

### **Implications**

- This exposed the Entity to the risk of the supplier refusing the contract based on revised quantities due to reduction in profit thus the risk of unnecessary delays in service delivery.
- This also exposed the Entity to the risk of the supplier supplying poor quality items to fit within the estimated profit margins.

### **Management Response**

Management explained that negotiations were conducted and that the negotiation report was available.

**Authority's Comment:** Management response was noted, however, the negotiation report and minutes were not availed for verification.

### **Recommendation**

Head PDU should always ensure that there is a negotiation with the supplier in case there is need to reduce on the quantities to fit within the existing budget or change original contract terms in the bidding document in accordance with Regulation 3(2) (b) of the PPDA (Negotiations) Regulations, 2023.

### 2.1.9 Missing Records on Procurement Action Files.

Section 44 of the PPDA Act, Cap 205 provides that the Procuring and Disposing Entity shall maintain records on its procurement and disposal proceedings for a period of seven years from the date of a decision to terminate the procurement and disposal action, or the date of contract completion, whichever comes later.

The Authority noted that procurement action files of 10 procurements worth UGX 2,727,860,668 had missing records such as requisition forms, bidding document, record of receipt and bid opening, best evaluated bidder notice, record of Contract Manager appointment letters, contract management plans among others as indicated in Table 8 below:

**Table 8: Procurements with missing records**

S/N	Subject of Procurement	Amount (UGX)	Missing Records
1.	Provision of indoor cleaning services under framework contract for a period of 3 financial years (2021-24).	87,123,204	<ul style="list-style-type: none"> <li>Form 5, (procurement requisition).</li> <li>Contracts Committee minutes approving the solicitation document, advert and the evaluation team.</li> </ul>
2.	Supply of assorted medical equipment under Government of Uganda.	70,000,000	<ul style="list-style-type: none"> <li>Record of Issue of bidding documents.</li> <li>Record of Receipt of bids.</li> </ul>
3.	Provision of outdoor cleaning services under framework contract for a period of three financial years (2021-24).	30,000,000	<ul style="list-style-type: none"> <li>Record of Bid Opening</li> <li>Bidding Document.</li> </ul>
4.	Provision of Maintenance of water and sewage system under framework contract for three years (2021-24).	24,010,632	<ul style="list-style-type: none"> <li>Bids</li> <li>Contract Managers appointment letters.</li> </ul>
5.	Supply of cooked food under framework contract for a period of three financial years (2021-24)	32,400,000	<ul style="list-style-type: none"> <li>Contract implementation Plan</li> <li>Delivery Notes</li> </ul>
6.	Supply of Motor Vehicle for Hoima Regional Referral Hospital Blood Bank	300,000,000	<ul style="list-style-type: none"> <li>Inspection report</li> <li>Completion report</li> </ul>
7.	Supply of Medical Equipment for Hoima regional referral hospital blood bank	761,814,000	<ul style="list-style-type: none"> <li>Payment records</li> </ul>
8.	Supply of furniture for Hoima regional referral hospital blood bank	105,639,995	
9.	Supply of ICT Equipment for Hoima regional referral hospital blood bank	35,231,355	
10.	Construction of Staff Accommodation for Blood Bank for Hoima Region	1,281,641,482	<ul style="list-style-type: none"> <li>Contract Manager's appointment letter.</li> <li>Contract implementation Plan</li> <li>Commencement Letter</li> </ul>
	<b>Total</b>	<b>2,727,860,668</b>	

### Implication

Poor record keeping limits the audit trail thus hindering transparency and accountability in the procurement process.

### **Management Response.**

Management acknowledged the Authority's observation and promised to enhance record keeping within the Entity.

### **Recommendation**

The Accounting Officer should task the Head Procurement and Disposal Unit to show cause why disciplinary action should not be taken against them for not keeping all records regarding procurement and disposal proceedings are properly kept and filed in their respective files contrary to Section 44 of the PPDA Act Cap. 205.

## **2.2 COMPLIANCE OF THE ENTITY' DISPOSAL PROCESS WITH THE PROVISIONS OF THE PPDA ACT, Cap 205 AND PPDA REGULATIONS, 2023.**

### **2.2.1 Failure to prepare a disposal plan**

Section 60 (1-2) of the PPDA Act Cap 205 states that a Procuring and Disposing Entity shall, on a quarterly basis and in any other case, wherever necessary, review and update its procurement and disposal plan.

The Authority noted that the Entity prepared the annual procurement plan for year 2023/2024, however, it did not include a disposal plan which contravened Section 60 (1-2) of the PPDA Act Cap 205.

### **Implication**

Failure to prepare a disposal plan exposed the Entity to the risk of not disposing off items due for disposal.

### **Management Response**

Management acknowledged the auditor's observation and pledged to comply with the requirement.

### **Recommendation**

The Accounting Officer should always prepare a disposal plan capturing all items identified in the Board of Survey as due for disposal in line with Section 60 (1-2) of the PPDA Act Cap 205.

### **2.2.2 Failure to Dispose of Items.**

Regulations 2 (1) and (2) of the PPDA (Disposal of Public Assets) Regulations, 2023 provide that for the purposes of disposal planning, an Accounting Officer shall, in each financial year, cause the public assets of a Procuring and Disposing Entity to be reviewed, to identify the public assets to be disposed of in the following financial year. A Procuring and Disposing Entity may use the Board of Survey or a User Department to identify the public assets to be disposed of.

The Authority reviewed the Entity's Board of Survey Report for Financial Year 2022/2023 and noted that a number of assets were due for disposal. However, the Entity never conducted a disposal process in the financial year 2023/2024 for assets indicated in Table 9 below:

**Table 9: Assets recommended by Board of Survey for disposal but never disposed of.**

<b>S/N</b>	<b>Item</b>	<b>Book value (UGX)</b>	<b>Comment</b>
1.	Long poles (pipes) 400m	200,000	Not in use
2.	Short poles	100,000	Not in Use

S/N	Item	Book value (UGX)	Comment
3.	Centre connectors	50,000	Not in use
4.	Stretcher top	20,000	Beyond repair
5.	Delivery bed top	15,000	Beyond repair
6.	Patient screen parts	10,000	Not repairable
7.	Washing hand stand	15,000	Not repairable
8.	Wheel barrow	10,000	Not repairable
9.	Wheel chair	10,000	Beyond repair
10.	Bed parts	25,000	Beyond repair
11.	Medicine trolley	30,000	Not in Use
12.	Washing hand jerry can	20,000	Beyond repair
13.	Waste bin 240L	20,000	Beyond repair
14.	Trolley top	8,000	Beyond repair
15.	Bench top	2,000	Beyond repair
16.	Theatre scissors	500	Beyond repair
17.	Metallic plates	20,000	Beyond repair
18.	Metallic flames	20,000	Beyond repair
19.	Hospital mattresses	200,000	Beyond repair
20.	PVC pipes 20mm	3,000	Beyond repair
21.	PVC pipes 75mm	3,000	Beyond repair
22.	PVC pipes 50mm	3,000	Beyond repair
23.	PVC pipes 100mm	3,000	Beyond repair
24.	PVC pipes 40mm	3,000	Beyond repair
25.	PVC pipes 25mm	3,000	Beyond repair
26.	PVC pipes 30mm	3,000	Beyond repair
27.	Metallic PVC 75mm	3,000	Beyond repair
28.	Saucepan	1,000	Beyond repair
29.	Tyres	30,000	Beyond repair
30.	Wooden ladders	10,000	Beyond repair
31.	Axes	500	Beyond repair
32.	Tent poles 50mm	100,000	Beyond repair
33.	Connectors	2,000	Beyond repair
34.	Axes	5,000	Beyond repair
35.	Electrical kettle	10,000	Beyond repair
36.	BP machine	5,000	Beyond repair
37.	Sanction machine	50,000	Beyond repair
38.	Humidifier bottles	2,000	Beyond repair
39.	Tent poles 25mm	50,000	Beyond repair
40.	Connectors	20,000	Beyond repair
41.	Pegs metallic	2,000	Beyond repair
42.	Tents	30,000	Beyond repair
43.	Transport container(colemam)	10,000	Beyond repair
44.	Transport container small	10,000	Beyond repair
45.	Stat strips	5,000	Beyond repair
46.	Fisher brans boxes	2,000	Beyond repair
47.	Transport box black	3,000	Beyond repair
48.	Blue racks	2,000	Beyond repair

S/N	Item	Book value (UGX)	Comment
49.	Printer	40,000	Beyond repair
50.	CPU	30,000	Beyond repair
51.	Window frame (0.5 meters wide x 0.8meters long)	20,000	Not in use
52.	Window frame (0.58 meters wide x 0.58meters long)	5,000	Not in use
53.	Window frame (0.75 meters wide x 0.9meters long)	30,000	Not in use
54.	Window frame (0.87 meters wide x 0.9meters long)	40,000	Not in use
55.	Window frame (1.45 meters wide x0.9meters long)	20,000	Not in use
56.	Wooden shutter (0.87m wide x2m wide)	20,000	Not in use
57.	Wooden shutter (0.9m wide x 2.1m high)	40,000	Not in use
58.	Wooden shutter (0.8m wide x 2.1m long)	10,000	Not in use
59.	Iron sheet (0.9m wide x5.1 long)	400,000	Not in use
60.	Iron sheet (0.45m wide x 5.1m long)	400,000	Not in use
61.	Iron sheet 0.9m wide x 2.22m long)	100,000	Not in use
62.	Iron sheet 0.9m wide x 3m long)	375,000	Not in use
63.	Iron sheet 0.9m wide x 2.5m long)	45,000	Not in use
64.	Iron sheet 0.9m wide x 1 to 1.5m long)	250,000	Not in use
65.	Iron sheet 0.9m wide x 1.2 to 1.8m long)	30,000	Not in use
66.	Iron sheet 0.9m wide x 0.8 to 0.9m long)	20,000	Not in use
67.	Doors (0.9 wide x 2.226m high)	20,000	Not in use
68.	Ridges (0.75m long each)	100,000	Not in use
69.	Abott haematology analyser	Not indicated	Beyond repair
70.	Shakers	20,000	Beyond repair
71.	4 Carousel racks for BD facscaliber immunology analyser	200,000	Beyond repair
72.	Eaton ups	20,000	Beyond repair
73.	APC smart UPS	50,000	Beyond repair
74.	Back up UPS 700	50,000	Beyond repair
75.	Smart UPS 1000	1,400,000	Beyond repair
76.	Assorted laboratory chairs	150,000	Beyond repair

### **Implication**

Failure to dispose of boarded items leads to further loss of value due to deterioration, vandalism and theft.

### **Management Response**

Management acknowledged the Authority's observation and explained that disposal is very tricky since some of the items in the Table above are re-usable hence bringing conflict between User Departments and Hospital workshop due to low budget of medical equipment.

**Authority's Comment:**

The Authority noted the management response and guided that the Entity should always adhere to the recommendations of the Board of Survey team in respect of disposal of obsolete assets.

**Recommendation**

The Accounting Officer should ensure that User Department(s) that is responsible for the management of public assets, initiate a process for disposal of a public asset by making a request for disposal to the Accounting Officer as per Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023.

## **2.3 EFFICIENCY AND EFFECTIVENESS IN CONTRACT IMPLEMENTATION INCLUDING THE APPLICATION OF ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY (ESHS) REQUIREMENTS IN THE PROCUREMENT PROCESS.**

**2.3.1 Failure to appoint Contract Managers**

Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023, states that a User Department shall nominate an existing member of staff with appropriate skills and experience, or who is supervised by a member of staff with appropriate skills and experience, as a contract Manager.

For all sampled procurements worth UGX 2,727,860,668, the Accounting Officer did not appoint Contract Managers. As a result, there were not contract management plans and other contract management records.

**Implication**

Failure to appoint Contract managers may result into sub-standard deliverables or shoddy and delayed works.

**Management Response**

Management acknowledged the Authority's observation and explained that following the audit, Contract Managers are now being appointed for every contract signed by the Entity.

**Recommendation**

The Accounting Officer should always appoint Contract Managers for all the procurements in accordance with Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023.

**2.3.2 Non-Payment for Service Providers**

The Entity entered into contracts for provision of cleaning services, supply of foods and maintenance of water and sewage systems for a period of three years from 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2024.

A review of the payment records noted that providers had not been paid UGX 52,644,612 for the financial year 2023/2024 by the time of audit in February 2025 as indicated in Table 10 below:

**Table 10: Un paid services as at 30<sup>th</sup> June 2024.**

S/N	Subject of procurement	Name of Provider	Monthly Rate (UGX)	Un paid Months	Amount due (UGX)
1.	Provision of indoor cleaning services under	Bunyoro Kitara Fumigation	7,260,267	4	29,041,068

S/N	Subject of procurement	Name of Provider	Monthly Rate (UGX)	Un paid Months	Amount due (UGX)
	framework contract for a period of three financial years (2021-24)	Services			
2.	Provision of outdoor cleaning services under framework contract for a period of 3 financial years (2021-24)	Lifhiket Company Limited	2,500,000	3	7,500,000
3.	Supply of cooked food under framework contract for a period of 3 financial years (2021-24)	Pedro Group of Companies	2,700,000	3	8,100,000
4.	Provision of maintenance of water and sewage system under framework contract for three years (2021-24)	Bunyoro Kitara Fumigation	2,000,886	4	8,003,544
	<b>Total</b>				<b>52,644,612</b>

### Implications

- This exposed the Entity to the legal risks such as penalties for late payments in case the providers sue the hospital.
- This also exposed the entity to risk of service disruptions in the case the providers do not provide the services required.

### Management Response

Management acknowledged the Authority's observation and pointed out that budget has been considered to clear outstanding arrears in the coming financial year.

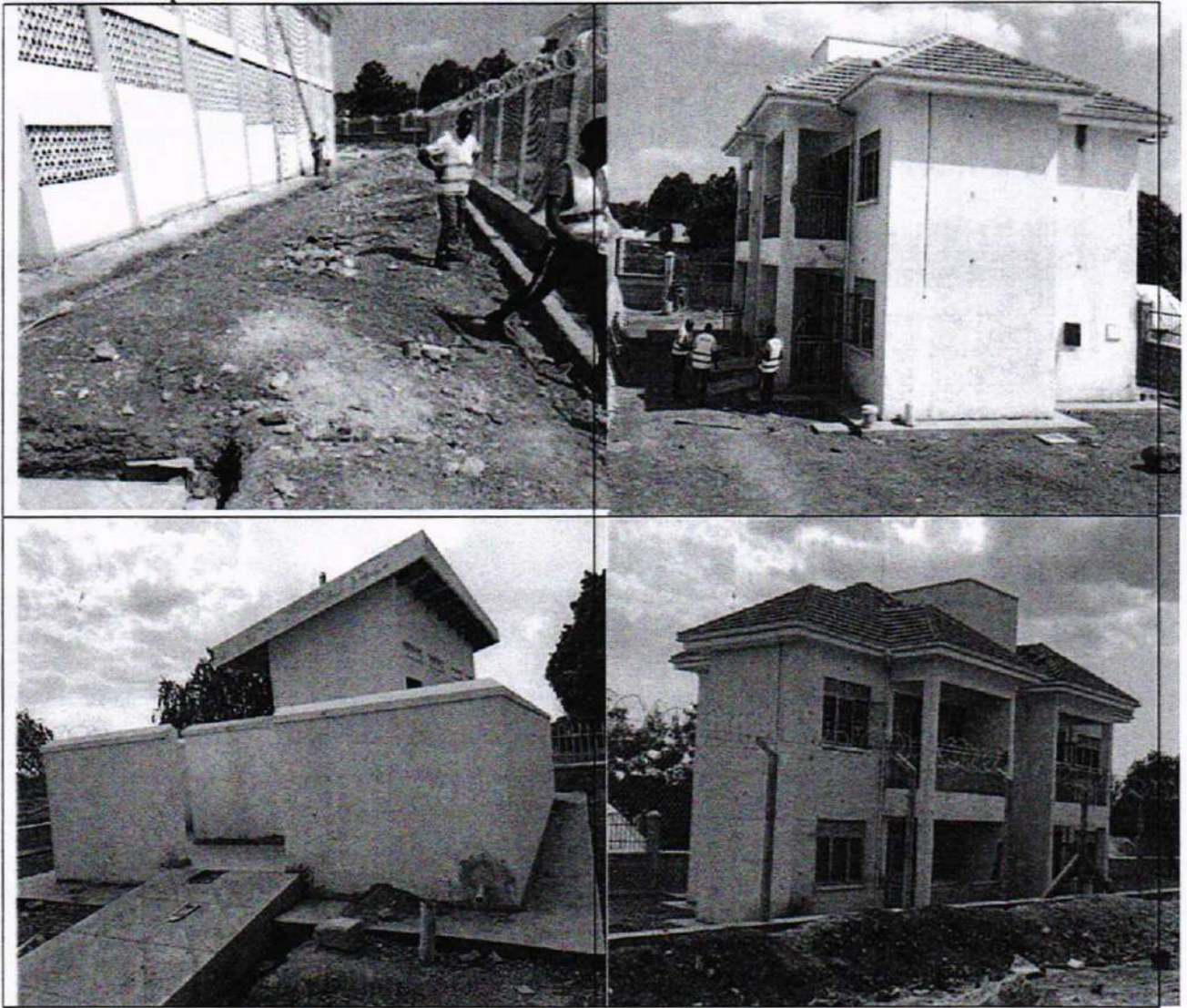
### Recommendation

The Accounting Officer should ensure that all outstanding payments to providers including but not limited to Bunyoro Kitara Fumigation Services, Lifhiket Company Limited and Pedro Group of Companies are made in accordance with the provisions of the contracts to avoid un necessary legal costs.

### 2.3.3 Execution of Works on Expired Contract

A review of contract management reports for construction of staff accommodation at the Blood Bank for Hoima Regional Referral Hospital worth UGX 1,281,641,482, noted that the contract was signed on 9<sup>th</sup> February 2024 with a contract period of 12 months ending by 9<sup>th</sup> February 2025. However, at the time of audit on 10<sup>th</sup> February 2025, works such as electrical works, shallow well, walkway, painting, installation of sinks, installation of toilet seats were still on going and the site was not yet landscaped or grass planted without evidence of contract extension.

**Figure 1: Incomplete works at staff accommodation at the blood bank for Hoima Regional referral Hospital.**



**Implication**

This exposed the Entity to legal risks in case of disputes.

**Management Response**

Management acknowledged the Authority’s observation and explained that the Clerk of Works who used to monitor the progress of the contract was transferred to another hospital but efforts were underway to have a Clerk of Works appointed by the Ministry of Health.

**Authority’s Comment:**

The Authority noted the management response, however, the Entity did not comment on the expired contract implying that the contractor was on site illegally.

**Recommendation**

Contract Managers should always closely monitor contract durations and immediately recommend for extensions in case of contracts that cannot be completed within the agreed initial period.in accordance with Regulation 52 of the PPDA (contracts) Regulations 2023.

### CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section presents the scores per area assessed under different performance audit objectives.

#### 3.0 Overall Audit Conclusion

The performance of Hoima Regional Referral Hospital for the Financial Year 2023/2024 was **Moderately Satisfactory** with overall weighted average risk rating of **53%**. The risk rating is as in Table 11 below:

**Table 11: Risk rating Table**

Risk Rating	Description of Performance
0-30%	Satisfactory
31- 70%	Moderately Satisfactory
71-100%	Unsatisfactory

#### 3.1 Entity's risk assessment

The risk rating was weighted to determine the overall risk level of the Entity. The weighting was derived using the average weighted index as shown in Table 12 below:

**Table 12: Risk Computation**

Risk Category	No.	%No	Value (UGX)	% Value	Weights	Total Weighted score	
						by value	by No.
High	1	10	70,000,000	2.6	0.6	1.6	6
Medium	9	90	2,657,860,668	97.4	0.3	29.2	27
Low	0	0	0	0	0.1	0	0
<b>Total</b>	<b>10</b>	<b>100</b>	<b>2,727,860,668</b>	<b>100</b>	<b>1</b>	<b>30.5</b>	<b>33</b>

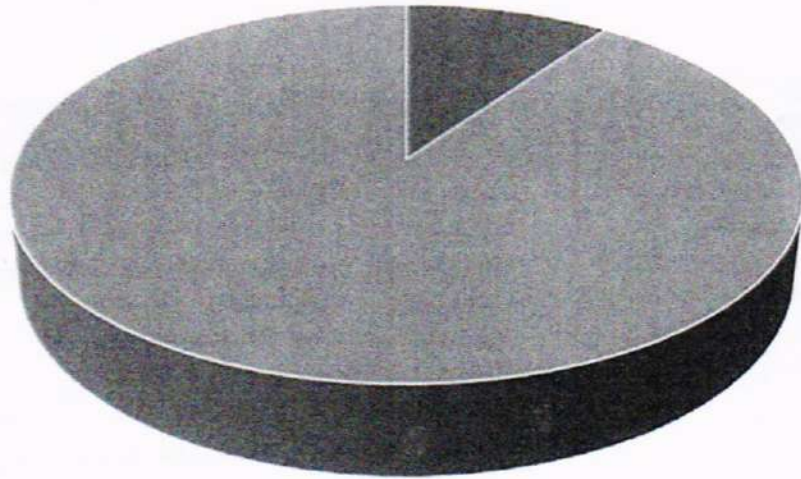
$$\text{Weighted Average (By NO.)} = \frac{\sum \text{Weighted Score} \times 100}{60} = \frac{33 \times 100}{60} = 55\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score} \times 100}{60} = \frac{30.5 \times 100}{60} = 51\%$$

$$\text{Combined Weighted Average} = \frac{55 + 51}{2} = 53\%$$

**Figure 2: Graphical Representation of the Entity's Risk Assessment by Number**

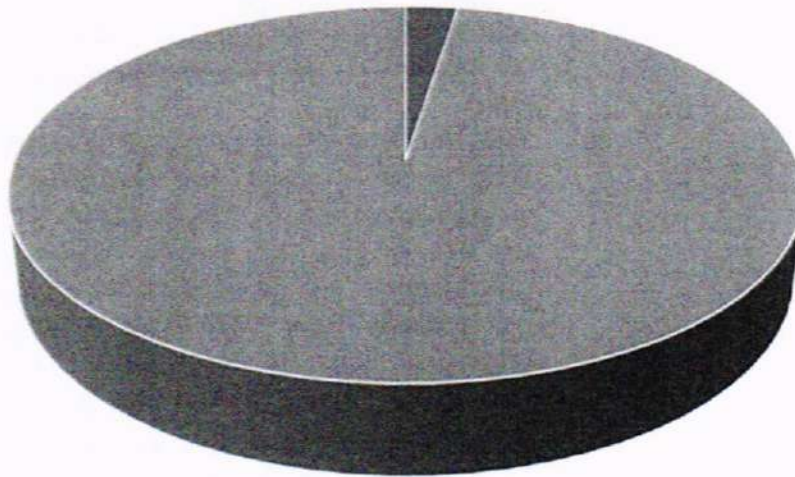
RISK BY NO.



■ HIGH ■ MEDIUM ■ LOW

**Figure 3: Graphical Representation of the Entity's Risk Assessment by Value**

RISK BY VALUE



■ HIGH ■ MEDIUM ■ LOW

### 3.2 Recommended Action Plan

Hoima Regional Referral Hospital should implement the following recommendations in Table 13 below within the timeframe given in order to improve its performance in Procurement and Disposal.

**Table 13: Action Plan**

No.	Responsible Officer	Recommendation	Target Date
1.	The Accounting Officer should;	<ul style="list-style-type: none"> <li data-bbox="619 383 1243 712">i. Task the Head of Procurement and Disposal Unit to show cause why action should not be taken him for preparing inadequate solicitation documents in accordance with Regulation 42 of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023.</li> <li data-bbox="619 712 1243 1077">ii. Task the Head Procurement and Disposal Unit to show cause why disciplinary action should not be taken against him for failure to issue the notices of best evaluated bidders to all bidders who participated in the procurement and evidence thereof put on file in in contravention of Regulation 3 (4) &amp; (5) of the PPDA (Contracts) Regulations, 2023.</li> <li data-bbox="619 1077 1243 1375">iii. Task the Head Procurement and Disposal Unit to show cause why disciplinary action should not be taken against him for not keeping all records regarding procurement and disposal proceedings are properly kept and filed in their respective files in accordance with Section 44 of the PPDA Act Cap. 205.</li> <li data-bbox="619 1375 1243 1592">iv. Task the Head Procurement and Disposal Unit to show cause why disciplinary action should not be taken against him for failure to implement 64.7% of the procurement plan contrary to Section 60 (7) of the PPDA Act, Cap 205</li> <li data-bbox="619 1592 1243 1854">v. Task the District Internal Auditor to show cause why disciplinary action should not be taken against him for failure to implement 56% of previous audit recommendations in accordance with Section 10 (b) (iii) of the PPDA Act, Cap. 205.</li> <li data-bbox="619 1854 1243 1888">vi. Ensure that all outstanding payments to</li> </ul>	June 2025

No.	Responsible Officer	Recommendation	Target Date
		<p>providers including but not limited to Bunyoro Kitara Fumigation Services, Lifhiket Company Limited and Pedro Group of Companies are made in accordance with the provisions of the contracts to avoid unnecessary legal costs.</p> <p>vii. Ensure that monthly reports on procurements and disposals are prepared and submitted to the Authority in a timely manner in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023</p> <p>viii. Ensure that all procurements are conducted in a manner that promotes transparency, accountability and fairness in accordance with Section 48 of the PPDA Act, Cap 205.</p> <p>ix. Devise mechanisms to find out the cause of low bidder participation such as holding supplier conferences among others to reduce on low bidder participation</p> <p>x. Ensure that the Entity prepares a disposal plan capturing all items identified in the Board of Survey as due for disposal in line with Section 60 (1-2) of the PPDA Act Cap 205.</p> <p>xi. Ensure that User Department(s) that is responsible for the management of public assets, initiate a process for disposal of a public asset by making a request for disposal to the Accounting Officer as per Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023.</p> <p>xii. Always appoint Contract Managers for all the procurements in accordance with Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023.</p>	
2.	The Head Procurement and Disposal Unit should;	<p>i. Use the framework contract bidding document when undertaking framework contracts in accordance with Paragraph Paragraph 6.1 of the PPDA Guidance on use of Framework Contracts for procurement of supplies, works and non-consultancy services, 2014.</p>	June 2025

No.	Responsible Officer	Recommendation	Target Date
		<ul style="list-style-type: none"> <li>ii. Always ensure that there is negotiation with the supplier in case there is need to reduce on the quantities to fit within the existing budget or change original contract terms in the bidding document in accordance with Regulation 3(2) (b) of the PPDA (Negotiations) Regulations, 2023.</li> <li>iii. Prepare adequate solicitation documents in accordance with Regulation 42 of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023;</li> </ul>	
3.	The Contracts Committee should;	Critically review bidding documents submitted by the Procurement and Disposal Unit to ensure that there are no inconsistencies in accordance with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.	June 2025
4.	Contract Mangers	Should always closely monitor contract durations and immediately recommend for extensions in case of contracts that cannot be completed within the agreed initial period.in accordance with Regulations 52 PPDA (contracts) Regulations 2023.	June 2025

**ANNEX 1: CASE BY CASE ANALYSIS**

NO	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	<p>Subject: Supply of assorted medical equipment under Government of Uganda  <b>Ref:</b> HMRH/SUPLS/23-24/00001                      Actual: 70,000,000                      Provider: Crown Health Care (U) Limited                      UGX at 70,000,000</p>	<ul style="list-style-type: none"> <li>• No requisition form hence the procurement was not approved by the Accounting Officer</li> <li>• No record of issue</li> <li>• Inadequate bidding document</li> <li>• Failure to sign code of ethical conduct by members of the Evaluation Committee</li> <li>• No Best Evaluated Notice on file</li> <li>• Reduction of scope of supplies to UGX 70,000,000 from UGX 201,683,000 recommended for award by Evaluation Committee without negotiation.</li> <li>• No contract</li> <li>• No contract manager appointment</li> <li>• No contract management plan</li> <li>• No payment records</li> </ul>
<b>MEDIUM RISK CONTRACTS</b>		<b>REASONS FOR MEDIUM RISK</b>
1.	<p><b>Subject:</b> Provision of indoor cleaning services under framework contract for a period of three financial years (2021-24)  <b>Ref:</b> HH/FW/2022-23/00001/9                      Actual: 87,123,204                      Provider: Bunyoro Kitara Fumigation Services</p>	<ul style="list-style-type: none"> <li>• No Requisition to commence the procurement</li> <li>• Delay to commence evaluation from bid closing of 21<sup>st</sup> April,2021 to 18<sup>th</sup> May, 2021</li> <li>• Display period less than 10 day as required by law</li> <li>• No appointment of contract manager</li> <li>• No Contract Implementation Plan#</li> <li>• No Payment records</li> <li>• No Progress Reports</li> <li>• No Contract a management report</li> <li>• No Payment record</li> </ul>
2.	<p><b>Subject:</b> Provision of outdoor cleaning services under framework contract for a period of three financial years (2021-24)  <b>Ref:</b> HH/FW/2022-23/00019                      Actual: 30,000,000                      Provider: M/s: Lifhiket Company Ltd</p>	<ul style="list-style-type: none"> <li>• No Requisition to commence the procurement</li> <li>• Delay to commence evaluation from 21st April,2021 to 18th May,2021</li> <li>• Display period of less than 10 day as required by law</li> <li>• No appointment of contract manager</li> <li>• No Contract Implementation Plan</li> <li>• No Payment records</li> <li>• No Progress Reports</li> <li>• No Contract a management report</li> </ul>

3.	<p><b>Subject:</b> Provision of Maintenance of water and sewage system under framework contract for three years (2021-24)</p> <p><b>Ref:</b> HH/FW/2022-23/00001/9  <b>Actual:</b> 24,010,632  <b>Provider:</b> Bunyoro Kitara Fumigation Services</p>	<ul style="list-style-type: none"> <li>• No Requisition to commence the procurement</li> <li>• Delay to commence evaluation from bid closing of 21<sup>st</sup> April, 2021 to 18<sup>th</sup> May, 2021</li> <li>• Display period of less than 10 day as required by law</li> <li>• No Contract</li> <li>• No appointment of contract manager</li> <li>• No Contract Implementation Plan#</li> <li>• No Payment records</li> <li>• No Progress Reports</li> <li>• No Contract a management report</li> <li>• No Payment record</li> </ul>
4.	<p><b>Subject:</b> Supply of cooked food under framework contract for a period of three financial years (2021-24)</p> <p><b>Ref:</b> HH/FW/2022-23/00001  <b>Actual:</b> 32,400,000  <b>Provider:</b> Pedro Group of Companies</p>	<ul style="list-style-type: none"> <li>• No Requisition to commence the procurement</li> <li>• Delay to commence evaluation from bid closing of 21<sup>st</sup> April,2021 to 18<sup>th</sup> May,2021</li> <li>• Display period of less than 10 day as required by law</li> <li>• No Contract</li> <li>• No appointment of contract manager</li> <li>• No Contract Implementation Plan#</li> <li>• No Payment records</li> <li>• No Progress Reports</li> <li>• No Contract a management report</li> </ul>
5.	<p><b>Subject:</b> Supply of Motor Vehicle for Hoima Regional Referral Hospital Blood Bank</p> <p><b>Ref:</b> HH/SUPLS/2023-24/00018  <b>Actual:</b> 300,000,000  <b>Provider:</b> City Ambulance Ltd</p>	<ul style="list-style-type: none"> <li>• No Form 5 to initiate the procurement</li> <li>• No Contracts Committee minutes approving the solicitation document, advert and the evaluation team</li> <li>• No Record of Issue</li> <li>• No Record of Receipt</li> <li>• No Record of Bid Opening</li> <li>• No Bidding Document</li> <li>• No Best Evaluated Bidder Notice</li> <li>• No Contract Managers appointment</li> <li>• No Contract implementation Plan</li> <li>• No Delivery Notes</li> <li>• No inspection report</li> <li>• No Completion report</li> <li>• No Payment records</li> </ul>

6.	<p><b>Subject:</b> Supply of Medical Equipment for Hoima regional referral hospital blood bank  <b>Ref:</b> HH/SUPLS/2023-24/00018  <b>Actual:</b> 761,814,000  <b>Provider:</b> Chemmart Uganda Ltd</p>	<ul style="list-style-type: none"> <li>• No Form 5 to initiate the procurement</li> <li>• No Contracts Committee minutes approving the solicitation document, advert and the evaluation team</li> <li>• No Record of Issue</li> <li>• No Record of Receipt</li> <li>• No Record of Bid Opening</li> <li>• No Bidding Document</li> <li>• No Evidence of sharing the BEB</li> <li>• No Clearance from the solicitor General</li> <li>• No Contract Managers appointment</li> <li>• No Contract implementation Plan</li> <li>• No Delivery Notes</li> <li>• No inspection report</li> <li>• No Completion reports</li> <li>• No Payment records</li> </ul>
7.	<p><b>Subject:</b> Supply of furniture for Hoima regional referral hospital blood bank  <b>Ref:</b> HH/SUPLS/2023-24/00018  <b>Actual:</b> 105,639,995  <b>Provider:</b> Foot Steps Furniture Company Ltd</p>	<ul style="list-style-type: none"> <li>• No Form 5 to initiate the procurement</li> <li>• No Contracts Committee minutes approving the solicitation document, advert and the evaluation team</li> <li>• No Record of Issue</li> <li>• No Record of Receipt</li> <li>• No Record of Bid Opening</li> <li>• No Bidding Document</li> <li>• No Contract Managers appointment</li> <li>• No Contract implementation Plan</li> <li>• No Delivery Notes</li> <li>• Goods Received Notes</li> <li>• No inspection report</li> <li>• No Completion report</li> <li>• No Payment records</li> </ul>

8.	<p><b>Subject:</b> Supply of ICT Equipment for Hoima regional referral hospital blood bank  <b>Ref:</b> HH/SUPLS/2023-24/00018  <b>Actual:</b> 35,231,355  <b>Provider:</b> Access IT Ltd</p>	<ul style="list-style-type: none"> <li>• No Form 5 to initiate the procurement</li> <li>• No Contracts Committee minutes approving the solicitation document, advert and the evaluation team</li> <li>• No Record of Issue</li> <li>• No Record of Receipt</li> <li>• No Record of Bid Opening</li> <li>• No Bidding Document</li> <li>• No Contract Managers appointment</li> <li>• No Contract implementation Plan</li> <li>• No Delivery Notes</li> <li>• Goods Received Notes</li> <li>• No inspection report</li> </ul>
9.	<p><b>Subject:</b> Construction of Staff Accommodation for Blood Bank for Hoima Region   <b>Ref:</b> MOH/ UGIFT/WRKS/2023-24/00010  <b>Contract Price:</b>1,281,641,482  <b>Provider:</b> M/s: Geses Uganda Ltd</p>	<ul style="list-style-type: none"> <li>• Form 5 to initiate the procurement</li> <li>• No CC minutes approving the solicitation document, advert and the evaluation team</li> <li>• Bids</li> <li>• Inadequate bidding document</li> <li>• No Evidence of Display of the BEB</li> <li>• No Contract Managers appointment</li> <li>• No Contract implementation Plan</li> <li>• Commencement Letter</li> </ul>

**ANNEX 2: PROCUREMENT AND DISPOSAL AUDIT SAMPLE LIST FOR HOIMA REGIONAL REFERRAL HOSPITAL FOR FINANCIAL YEAR 2023/2024**

No	Proc Reference No	Method of Procurement	Provider	Date of award	Contract amount UGX
1.	Provision of indoor cleaning services under framework contract for a period of three financial years (2021-24)	Open Domestic Bidding	Bunyoro Kitara Fumigation Services	1 <sup>st</sup> July ,2021	87,123,204
2.	Provision of outdoor cleaning services under framework contract for a period of three financial years (2021-24)	Open Domestic Bidding	Lifhiket Company Ltd	1 <sup>st</sup> July,2021	30,000,000
3.	Provision of Maintenance of water and sewage system under framework contract for three years (2021-24)	Open Domestic Bidding	Bunyoro Kitara Fumigation Services	1 <sup>st</sup> July,2021	24,010,632
4.	Supply of cooked food under framework contract for a period of three financial years (2021-24)	Open Domestic Bidding	Pedro Group of Companies	1 <sup>st</sup> July,2021	32,400,000
5.	Supply of Motor Vehicle for Hoima Regional Referral Hospital Blood Bank	Open Domestic Bidding	City Ambulance Ltd	18 <sup>th</sup> June,2024	300,000,000
6.	Supply of Medical Equipment for Hoima regional referral hospital blood bank	Open Domestic Bidding	Chemmart Uganda Ltd	6 <sup>th</sup> June,2024	761,814,000
7.	Supply of furniture for Hoima regional referral hospital blood bank	Open Domestic Bidding	Foot step Furniture Company Ltd	6 <sup>th</sup> June ,2024	105,639,995
8.	Supply of ICT Equipment for Hoima regional referral hospital blood bank	Open Domestic Bidding	Access IT Ltd	10 <sup>th</sup> June,2024	35,231,355
9.	Construction of Staff Accommodation for Blood Bank for Hoima Region	Open Domestic Bidding	Geses Uganda Ltd	9 <sup>th</sup> February 2024	1,281,641,482
10.	Supply of assorted medical equipment under GOU	Request for Quotation	Crown Health Care (U) Limited		70,000,000
	<b>TOTAL</b>				<b>2,727,860,668</b>

**ANNEX 3: RISK RATING CRITERIA**

<b>RISK</b>	<b>DESCRIPTION</b>	<b>AREA</b>	<b>IMPLICATION</b>
<b>HIGH</b>	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management.  Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".	<b>Planning:</b> Lack of or failure to procure within the approved plan	This implies emergencies and use of the direct procurement method which affects competition and value for money.
		<b>Bidding Process:</b> Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals and usurping the powers of the PDU.	This implies use of less competitive methods which affects transparency, accountability and value for money.
		<b>Evaluation:</b> Use of inappropriate evaluation methodologies or failure to conduct evaluation.	This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.
		<b>Record Keeping:</b> Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.	This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.
		<b>Fraud/forgery:</b> Falsification of Documents	This implies lack of transparency and value for money.
		<b>Contract Management:</b> Payment for shoddy work or work not delivered.	This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries
<b>MEDIUM</b>	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management	<b>Planning:</b> Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		<b>Bidding Process:</b> Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-	This implies lack of efficiency, standardisation and avoiding competition.

RISK	DESCRIPTION	AREA	IMPLICATION
	framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded "medium" provided that there is sufficient evidence of "hands on management control and oversight" at an appropriate level of seniority.	pre-qualified firms and splitting procurement requirements.	
		<b>Procurement Structures:</b> Lack of procurement structures	This implies lack of independence of functions and powers and interference in the procurement process.
		<b>Record Keeping:</b> Missing Contracts Committee records and incomplete contract management records.	This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.
		<b>Contract and Contract Management:</b> Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.	This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.
		Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety.  Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.	
<b>LOW</b>	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best practice. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in	<b>Planning:</b> Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.
		<b>Bidding Process:</b> Not signing the Ethical Code of Conduct	This leads to failure to declare conflict of interest and lack of transparency.

RISK	DESCRIPTION	AREA	IMPLICATION
	place and monitor compliance with detailed procedures.		

**SATISFACTORY**

Relates to following laid down procurement procedures and guidelines and no significant deviation is identified during the conduct of the procurement process based on the records available at the time.