



**THE PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS  
AUTHORITY**

**REPORT ON THE COMPLIANCE AUDIT REPORT OF JINJA  
REGIONAL REFERRAL HOSPITAL FOR FINANCIAL YEAR  
2021/2022**

**MARCH 2023**

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## Acronyms

AO	Accounting Officer
CC	Contracts Committee
EC	Evaluation Committee
FY	Financial Year
BEB	Best Evaluated Bidder
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a compliance audit of Jinja Regional Referral Hospital that covered a representative sample of ten procurement transactions under Financial Year 2021/22.

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of Jinja Regional Referral Hospital procurement system and processes with the provisions of the PPDA Act, 2003 and the Central Government (PPDA) Regulations, 2014 and assess the level of procurement performance over the compliance inspection period.

From the findings of the compliance audit exercise, the performance of Jinja Regional Referral Hospital for the Financial Year 2021/22 was **Moderately Satisfactory** with overall weighted average risk rating of **41.4%**. 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 chapter three, table 7 of the compliance audit report.

The following exceptions were noted:

1. The Accounting Officer did not staff the Procurement and Disposal Unit to an appropriate level contrary to Section 30 of the PPDA Act, 2003: the Unit is manned by one Procurement Officer, with the position of Assistant Procurement Officer not filled contrary to the Hospital staffing structure. This results into a heavy work load to the Procurement Officer which affects procurement plan implementation and service deliver;
2. Failure to prepare departmental workplans by all User Departments contrary to Section 34 (2) of the PPDA Act, 2003. This affects budget implementation leading to unspent balances at the end of the financial year;
3. Issuing inappropriate bidding documents in three procurements worth UGX 367,427,077 which affects bidders' ability to prepare responsive bids;
4. Delay in the procurement process for the emergency construction of a sleeper tent for Covid Unit worth UGX 60,651,410 which affected effective delivery of medical services during a medical crisis;
5. Irregularities in evaluation of bids in five procurements worth UGX 507,047,894 contrary to Section 71 (3) of the PPDA Act, 2003. This results into award of contracts to non-compliant bidders, and failure to achieve value for money; and
6. Delaying to complete the construction of a sleeper tent for Covid Unit worth UGX 60,651,410 contrary to Regulation 53 (3) (a) (i) of the PPDA (Contracts) Regulations, 2014 which affects service delivery.

The Authority recommends that:

1. The Accounting Officer should expeditiously fill the position of Assistant Procurement Officer;
2. The Accounting Officer should task all heads of User Departments to prepare and submit to the Procurement and Disposal Unit, their procurement plans for the year based on the approved budget at the beginning of each financial year;
3. The Contracts Committee should thoroughly review all bidding documents submitted by the Procurement and Disposal Unit to ensure that they are accurate and complete before they are approved and issued to bidders;
4. The Accounting Officer should direct the Head Procurement and Disposal Unit to conducted emergency procurements with utmost urgency following the PPDA Law;

5. The Head Procurement and Disposal Unit should ensure that the Evaluation Committee members conduct evaluation in accordance with the criteria set in the bidding document in accordance with Section 71 (3) of the PPDA Act, 2003; and
6. The Accounting Officer should task Contract Managers to ensure that contracts are implemented within the contractual terms and conditions in accordance with Regulation 53 of the PPDA (Contracts) Regulations, 2014.

## CHAPTER 1: INTRODUCTION

### 1.1 Structure of the Entity

In 1995, Jinja Regional Referral Hospital was upgraded to referral hospital status. The hospital serves approximately 4.5 million people in a catchment area comprising of one city and eleven districts.

According to Section 26 of the PPDA Act, 2003, the Accounting Officer has the overall responsibility for the successful execution of procurement, disposal and contract management in a Procuring and Disposing Entity. The Accounting Officer of Jinja Regional Referral Hospital during the financial year 2021/22 was Dr. Alfred Yayi.

The PS/ST of Ministry of Finance, Planning and Economic Development approved the members of the Contracts Committee listed in Table 1 below who also acted during the period under review:

**Table 1: List of the Contracts Committee members**

No	Name	Committee Position	Position in the Entity
1.	Dr. Racheal Alinaitwe	Chairperson	Medical Officer-Special Grade
2.	Ms. Molly Nakalembe	Secretary	Nursing Officer
3.	Ms. Sylvia Takali	Member	Principal Nursing Officer
4.	Mr. Deogratiuous Obel	Member	Principal Clinical Officer

According to Section 31 (a) of the PPDA Act, 2003 as amended all procurement or disposal activities of the procuring and disposing entity except adjudication and the award of contract are to be managed by the Procurement and Disposal Unit. The Procurement and Disposal Unit during the financial year under review was headed by Mr. Chrissy Karibwije.

### 1.2 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the procurement and disposal compliance audit of Jinja Regional Referral Hospital that covered a representative sample of ten procurement transactions under Financial Year 2021/22. The audit involved a review of procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, 2003 and PPDA Regulations, 2014.

### 1.3 Objectives of the Compliance Audit

The overall objective of the procurement and disposal inspection was to assess and establish the degree of compliance of Jinja Regional Referral Hospital's procurement system and processes with the provisions of the PPDA Act, 2003 as amended and Regulations, 2014 and assess the level of procurement performance over the audit period.

The specific objectives were to:

- Establish the level of compliance by the Procuring and Disposing Entity with the general provisions of the PPDA Act, 2003 and Regulations, 2014 and Guidelines, 2014;
- Establish the level of compliance with the PPDA Act, 2003 and Regulations, 2014 in the conduct of procurement and disposal activities; and
- Assess the level of efficiency and effectiveness in contract implementation.

#### **1.4 Audit Scope**

The inspection involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The inspection covered a representative sample of ten procurement transactions under the Financial Year 2021/22. The list of sampled transactions is contained in **Annex A**.

#### **1.5 Audit Methodology**

The inspection team examined records and documents for each sampled procurement transaction and/or disposal and obtained the relevant evidence to derive inspection conclusions. This involved a review of the Entity's procurement/disposal planning, initiation, bidding, evaluation, contract placement and processes.

A debrief meeting to clear all pending issues that arose during the inspection was held with the Entity management and staff on 28<sup>th</sup> November, 2022 before the inspection team could embark on preparation of the management letter. The inspection team prepared the management letter, which was sent to the Entity on 11<sup>th</sup> January, 2023 with a request to submit a management response by 17<sup>th</sup> January, 2023 which was submitted on 6<sup>th</sup> February, 2023.

## CHAPTER 2: COMPLIANCE INSPECTION FINDINGS

### 2.1 TO ESTABLISH THE LEVEL OF COMPLIANCE BY THE PDE WITH THE GENERAL PROVISIONS OF THE PPDA ACT, 2003 AND REGULATIONS, 2014

#### 2.1.1 Procurement plan implementation

The Entity implemented only 44% of its planned procurement activities. Procurements worth UGX 1,733,713,206 were implemented out of the planned UGX 3,939,304,442 as indicated in table 2 below:

**Table 2: Procurement Plan Implementation Rate**

Analysis of procurement spend	FY 2020/21
Total procurement plan value inclusive of VAT (UGX)	3,939,304,442
Total procurement spend value inclusive of VAT (UGX)	1,733,713,206
Procurement plan implementation rate (%)	44%
Implementation variance (UGX)	<b>2,205,591,236</b>

#### Implication

In FY 2021/22, the Entity did not implement procurements worth UGX 2,205,591,236 which is an indication of ineffective service delivery or poor budget estimations leading to inflated prices at planning stage.

#### Management Response

*Management acknowledged that the procurement plan implementation did not meet the targeted expectation due to inadequate releases from Ministry of Finance. Management pledges to monitor procurement plan implementation in the subsequent financial years.*

*The Head of procurement amended the procurement plans in the two quarters which catered for procurements in those quarters however 4<sup>th</sup> quarter had no new procurements. Management regretted the anomaly and in subsequent periods procurement plans shall be updated where necessary.*

#### Authority's comment

The Authority noted the response and maintains the query since the Entity did not notify the Authority of the changes on the procurement plan.

#### Recommendations

- The Accounting Officer should always monitor procurement plan implementation and ensure that all planned procurements are implemented.
- The Head Procurement and Disposal Unit should update the procurement plan on quarterly basis in accordance with Section 58 (4) of the PPDA Act, 2003.

#### 2.1.2 Failure to submit monthly reports to the Authority

The Authority noted that the Entity did not submit the 12 monthly procurement and disposal reports effective June 2022 contrary to Regulation 20 of the PPDA (Procuring and Disposing Entities) Regulations, 2014.

**Implication**

This shows lack of transparency and accountability in the conduct of procurements.

**Management Response**

*Only 11 monthly reports were submitted out of 12 monthly reports for FY21/22. Management commits to submit all the reports as required going forward.*

**Recommendation**

The Accounting Officer should ensure all monthly reports are submitted to the Authority in accordance with the Regulation 20 of the PPDA (Procuring and Disposing Entities) Regulations, 2014.

**2.1.3 Understaffing in the procurement and disposal Unit**

The Authority noted that the Accounting Officer did not staff the Procurement and Disposal Unit to the appropriate level contrary to Section 30 of the PPDA Act, 2003. The Unit is manned by one Procurement Officer, with the position of Assistant Procurement Officer not filled contrary to the Hospital staffing structure.

**Implication**

Understaffing results into a heavy work load to the Procurement Officer which affect productivity. This in turn leads to delays in the implementation of procurement activities, thus affecting procurement plan implementation and service delivery.

**Management Response**

*Management acknowledged the inadequate staffing in the Procurement and Disposal Unit. The Accounting Officer included the position of Assistant Procurement Officer in the Recruitment Plan for FY 2022/2023 and wrote to Ministry of Finance, Planning and Economic Development to fill the vacant post.*

**Authority's comment**

The Authority noted the response and maintains the query since a copy of the recruitment plan and request to the PSST was not provided.

**Recommendation**

The Accounting Officer should expeditiously fill the position of Assistant Procurement Officer.

**2.1.4 Failure to prepare departmental workplans by User Departments**

The Authority noted that User Departments did not prepare their procurement plans for onward submission to and consolidation by the Procurement and Disposal Unit contrary to Section 34 (2) of the PPDA Act, 2003. Without User Department procurement workplans, it was not clear how the Head Procurement and Disposal Unit developed the Entity's consolidated procurement plan for the period under review.

**Implications**

- Failure to prepare User Department procurement works plans leads to split of similar procurements that would otherwise be procured as a single item.
- It also affects budget implementation leading to unspent balances at the end of the financial year.

### Management Response

User Departments did not prepare departmental procurement plan for the FY in question. However, the Entity has ensured that User Departments submit their departmental procurement plans to Procurement and Disposal Unit.

### Recommendation

The Accounting Officer should task all heads of User Departments to prepare and submit to the Procurement and Disposal Unit, their procurement plans for the year based on the approved budget at the beginning of each financial year.

## 2.2 THE LEVEL OF COMPLIANCE WITH THE PPDA ACT, 2003 AND REGULATIONS, 2014 IN THE CONDUCT OF PROCUREMENT AND DISPOSAL ACTIVITIES

### 2.2.1 Issuance of inappropriate bidding documents

The Authority noted that in three procurements worth UGX 367,427,077, the Entity issued bidding documents which had some gaps as indicated below:

**Table 3: Gaps in the bidding documents**

S/No	Subject of Procurement	Issues Noted
1.	Renovation and repairs of ward 2 and ward 3 blocks at Jinja RRH worth UGX 321,257,577	<ul style="list-style-type: none"><li>• There were inconsistencies in the bidding document. Under ITB 15.1 (i) bidders were required to submit, among others, specific Powers of Attorney, but ITB 22.2 required registered Powers of Attorney which could be generic;</li><li>• The bidding document did not require bidders to submit beneficial ownership information contrary to the PPDA Circular dated 15<sup>th</sup> December 2021 requiring Entities to obtain beneficial ownership information for all firms awarded public contracts; and</li><li>• The issued bidding document was incomplete. It did not have general and special conditions of contract</li></ul>
2.	Supply of printed medical stationery worth UGX 20,089,500	The bidding document did not require bidders to submit beneficial ownership information contrary to the PPDA Circular dated 15 <sup>th</sup> December 2021 requiring Entities to obtain beneficial ownership information for all firms awarded public contracts.
3.	Purchase of 6 laptops and 2 printers worth UGX 26,080,000	<ul style="list-style-type: none"><li>• The bidding document did not require bidders to submit a NITA-U certificate allowing them to deal in supply of IT equipment; and</li><li>• It did not require bidders to submit beneficial ownership information contrary to the PPDA Circular dated 15<sup>th</sup> December 2021 requiring Entities to obtain</li></ul>

S/No	Subject of Procurement	Issues Noted
		beneficial ownership information for all firms awarded public contracts
	<b>Total Value</b> UGX 367,427,077	

### Implications

- Inadequate solicitation documents affect the bidders' ability to prepare responsive bids.
- The inconsistencies may lead to disagreements during contract execution thus causing unnecessary delays in the contract implementation.

### Management Response

*The Entity acknowledged the gaps in the bidding document and committed to request for all required documents in future bidding processes. The Contracts Committee shall continuously be refreshed on procurement activities.*

### Recommendation

The Contracts Committee should thoroughly review all bidding documents submitted by the Procurement and Disposal Unit to ensure that they are accurate and complete before they are approved and issued to bidders.

#### 2.2.2 Lack of evidence of invitation of bidders

There was no evidence that invitations to bid were issued to all shortlisted bidders for procurements carried out using Request for Quotation/Proposal contrary to Regulation 66 (4) of the Local Governments (PPDA) Regulations 2006.

### Implications

- Without proof of receipt of invitations, the auditors could not ascertain whether all shortlisted bidders had been invited.
- Failure to invite all shortlisted bidders is unfair and limits competition in the Entity's procurement processes.

### Management Response

*Management acknowledged that no official letters were sent to bidders shortlisted for request for proposals/ quotations. Moving forward, management committed to engaging Contracts Committee to make sure that selection and invitation of bidders are conducted in accordance with the law.*

### Recommendations

- The Accounting Officer should task the Contracts Committee to oversee the selection and invitation of bidders when Request for Quotation/Proposal procurement method is used.
- The Head Procurement and Disposal Unit should ensure that all bidders shortlisted for a particular procurement are formally invited in accordance with Regulation 66 (1) of the Local Governments (PPDA) Regulations, 2006 and evidence of invitation recorded in accordance with Regulation 66 (4) of the LG (PPDA) Regulations, 2006.

### 2.2.3 Delay in the procurement process

In the procurement for construction of a sleeper tent for Covid Unit worth UGX 60,651,410, the Head Procurement took twenty-seven days to submit the procurement to the Contracts Committee for approval despite this being an emergency procurement that was urgently needed during the period of a medical crisis.

#### Implication

This affects timely service delivery.

#### Management Response

*Management acknowledged that there were delays in the procurement for construction of a sleeper tent for covid-19 patients. This came as a result of changes in the designs of the toilets from mobile to water borne which required more time for bills of quantities to be revised and submitted to Contracts Committee for approval.*

#### Recommendation

The Head Procurement and Disposal Unit ensure that emergency procurements are conducted with utmost efficiency and according to the PPDA Law.

### 2.2.4 Irregularities during evaluation of bids

The Authority noted irregularities in evaluation of bids in five procurements worth UGX 507,047,894. This was contrary to Section 71 (3) of the PPDA Act, 2003 which requires that no evaluation criteria other than that stated in the bidding documents shall be taken into account. The procurements are detailed in table below:

**Table 4: Procurements in which irregularities during evaluation were noted**

S/No	Subject of procurement	Issues noted	Management Response
1	Construction of a sleeper tent for Covid unit worth UGX 60,651,410	<ul style="list-style-type: none"><li>• The evaluation committee did not evaluate on the requirements for submission of a registered Powers of Attorney and the obligation to pay taxes despite being listed as part of the eligibility criteria in the bidding document</li><li>• The best evaluated bidder, mercy commercial agencies was found responsive despite being licensed by Jinja Municipal Council to carry out business of secretarial services</li></ul>	<ul style="list-style-type: none"><li>• <i>Power of Attorney is available and the obligation to pay taxes is evidenced by Tax clearance, trading license and NSSF.</i></li><li>• <i>The firm is on the hospital prequalification and PPDA list for civil works.</i></li></ul>
2	Construction of a water borne toilet at ward 3 (lot 1) and at laboratory	The evaluation committee did not evaluate the requirement to pay taxes despite being listed as part of the eligibility criteria in the bidding document	<i>Power of Attorney is available and the obligation to pay taxes is evidenced by Tax</i>

S/No	Subject of procurement	Issues noted	Management Response
	(Lot 2) worth UGX 79,891,905.05		<i>clearance, trading license and NSSF.</i>
3	Renovation and repairs of ward 2 and 3 blocks at Jinja RRH worth UGX 321,257,577	The evaluation committee did not adhere to the evaluation criteria stated in the bidding document. For instance, the requirement for obligation to pay taxes was not considered during evaluation despite being a requirement in the bidding document	<i>Power of Attorney is available and the obligation to pay taxes is evidenced by Tax clearance, trading license and NSSF.</i>
4	Purchase of 6 laptops and 2 printers worth UGX 19,167,000	The evaluation committee did not adhere to the evaluation criteria stated in the bidding document. For instance, the requirement for obligation to pay taxes was not considered during evaluation despite being a requirement in the bidding document	<i>Power of Attorney is available and the obligation to pay taxes is evidenced by Tax clearance, trading license and NSSF.</i>
5	Supply of medical equipment spare parts worth UGX 19,167,000	<ul style="list-style-type: none"> <li>The evaluation committee did not adhere to the evaluation criteria and stated in the bidding document. For instance, the requirement for obligation to pay taxes was not considered during evaluation despite being a requirement in the bidding document.</li> <li>The best evaluated bidder offered a delivery period of 21 days from the date of purchase order instead of the required one week delivery period</li> </ul>	<ul style="list-style-type: none"> <li><i>Power of Attorney is available and the obligation to pay taxes is evidenced by Tax clearance, trading license and NSSF.</i></li> <li><i>The Entity acknowledges the anomaly and commits to improve in the subsequent procurements.</i></li> </ul>
6	Supply of medical equipment spare parts for Q2 worth UGX 36,555,000	<ul style="list-style-type: none"> <li>The evaluation committee did not adhere to the evaluation criteria and stated in the bidding document. For instance, the requirement for obligation to pay taxes was not considered during evaluation despite being a requirement in the bidding document.</li> <li>The best evaluated bidder offered a delivery period of 14 days from the date of purchase order instead of the required one week delivery period</li> </ul>	<ul style="list-style-type: none"> <li><i>Power of attorney is available and the obligation to pay taxes is evidenced by Tax clearance trading license and NSSF.</i></li> <li><i>The Entity acknowledges the anomaly and commits to improve in the subsequent procurements.</i></li> </ul>
	<b>Total UGX 507,047,894</b>		

### Implications

- Irregular evaluation of bids could be an indicator that members of the Evaluation Committees lacked adequate capacity to review bids which could have compromised fairness and transparency in the evaluation process.
- It also leads to award of contracts to non-compliant bidders and failure to attain value for money.

### Authority's comments

Whereas the Entity indicates that the Powers of Attorney and tax clearance certificates were submitted by bidders, these were not examined during evaluation, hence the query is maintained.

### Recommendations

- Where a bidder did not submit eligibility documents, the Chairperson Evaluation Committee should request the bidder to submit the missing documents before they are recommended for contract award in accordance with Regulation 10 and 17 (6) of the PDA (Evaluation) Regulations, 2014.
- The Head Procurement and Disposal Unit should ensure that the Evaluation Committee members conduct evaluation in accordance with the criteria set in the bidding document in accordance with Section 71 (3) of the PPDA Act, 2003.

#### 2.2.5 Signing Contracts before expiry of the notice display period

In the following five contracts worth UGX 552,072,894, the Entity signed contracts/ issued local purchase orders (LPO) before the expiry of the notice period during which no action is supposed to be taken on the contract award contrary Regulation 5 (1) of the PPDA (Contracts) Regulations, 2014.

**Table 5: Contracts signed before expiry of the best evaluated bidder notice**

S/No	Subject of Procurement	BEB Removal Date	Contract date
1.	Construction of a sleeper tent for Covid Unit worth UGX 60,651,410	2 <sup>nd</sup> November 2021	2 <sup>nd</sup> November 2021
2.	Purchase of 6 laptops and 2 printers worth UGX 26,080,000	10 <sup>th</sup> March 2022	4 <sup>th</sup> March 2022
3.	Repairs, corrective maintenance, servicing and installation of additional CCTV surveillance cameras in the hospital worth UGX 64,192,000	15 <sup>th</sup> June 2022	8 <sup>th</sup> June 2022
4.	Renovation and repairs of ward 2 and ward 3 blocks at Jinja RRH worth UGX 321,257,577	25 <sup>th</sup> May 2022	25 <sup>th</sup> May 2022
5.	Construction of a water borne toilet at ward 3 (Lot 1) and at laboratory (Lot 2) worth UGX 79,891,907.05	8 <sup>th</sup> June 2022	8 <sup>th</sup> June 2022
	<b>Total UGX 552,072,894</b>		

### Implication

This denies bidders ample time to lodge their complaints on the procurement process if any.

### Management Response

Management takes note of this anomaly raised by the Auditors. Moving forward the Entity shall stick to the PPDA contract regulations as recommended.

### Recommendation

The Accounting Officer should not take any action on the contract award until the lapse of the ten days' notice period in accordance with Regulation 5 (1) of the PPDA (Contracts) Regulations, 2014.

### 2.2.6 Irregularities at contract signing

In the following two contracts worth UGX144,083,907, the Authority noted irregularities at signing of contracts as indicated in the table below:

**Table 6: Contracts with Irregularities at contract signing**

S/No	Subject of Procurement	Issues Noted	Management Response
1.	Repairs, corrective maintenance, servicing and installation of additional CCTV surveillance cameras in the hospital worth UGX 64,192,000	There was change of the proposed conditions of contract at contract signing. The delivery period was changed to three (3) days in the contract as opposed to seven (7) days indicated in the bidding document contrary to Regulation 10 (2) of the PPDA (Contracts) Regulations, 2014	<i>Management regrets the inconsistency on delivery periods between the bidding document and signed contract</i>
2.	Construction of a water borne toilet at ward 3 (Lot 1) and at laboratory (Lot 2) worth UGX 79,891,907.05	The contract did not provide for retention of any amount (GCC 48.1). However, GCC 35.1 provided for a defects liability period of 180 days, which is rendered ineffective since there is no retention against which the provider can be compelled to rectify defects if any.	<i>The Entity regrets the anomaly of not providing for retention in the mentioned contract. This was an oversight in documentation and in subsequent procurements this will be rectified</i>
	<b>Total Value UGX</b> <b>144,083,907</b>		

### Implications

- Changing contract terms at contract signing is a sign of unfairness to bidders who would otherwise have participated in the procurement process barring the strict proposed contract terms and conditions.
- Failing to provide for retention exposes the Entity to the risk of incurring extra costs in case defects arise during the defects liability period.

### **Recommendations**

- The Head Procurement and Disposal Unit should maintain in the contract, the same contract conditions proposed in the bidding document in accordance with Regulation 10 (2) of the PPDA (Contracts) Regulations, 2014.
- The Contracts Committee should review the draft contract documents for accuracy and completeness before they are approved for signing

## **2.3 THE LEVEL OF EFFICIENCY AND EFFECTIVENESS N CONTRACT IMPLEMENTATION**

### **2.3.1 Delayed completion of works**

The Authority noted that there was delayed implementation of the contract for the construction of a sleeper tent for Covid Unit worth UGX 60,651,410 contrary to Regulation 53 (3) (a) (i) of the PPDA (Contracts) Regulations, 2014. The contract was supposed to be completed on 2<sup>nd</sup> December 2021. However, according to the progress report dated 24<sup>th</sup> March 2022, the works had not been completed, three months after the contractual completion time. Furthermore, there was no evidence that the contract manager or the contractor requested for a contract extension.

### **Implications**

- This is an indication that there was ineffective supervision of the contract.
- Delays in contract execution affects timely service delivery.

### **Management Response**

*The construction of sleeper tent had delayed due to missing parts of the flaps at the time of installation. The flaps were donated to the Hospital by Ministry of Health and were delivered sealed. On opening to allow installation they were incomplete and the Hospital took time to get extra flaps to complete the works. Also, there were extra works on electrical fittings which also led to delays.*

*The works have since been completed and the tent currently in use. However, the Entity shall endeavor to ensure that contracts are executed within the contractual terms and conditions and where this is not possible, necessary documentation shall be secured.*

### **Authority's comment**

The issue of the missing parts was not captured in the project progress report; therefore, the query is maintained.

### **Recommendation**

The Accounting Officer should task Contract Managers to ensure that contracts are implemented within the contractual terms and conditions in accordance with Regulation 53 of the PPDA (Contracts) Regulations, 2014.

### **2.3.2 Failure to deduct withholding tax from payment**

In the contract for purchase of six laptops and two printers worth UGX 26,080,000, the Entity did not deduct 6% withholding tax from the payment made to the provider, Vetogro, despite the firm not being withholding tax exempt.

#### **Implication**

This hampers the Government's tax collection efforts which causes tax shortfalls, ultimately affecting implementation of Government programs and service delivery.

#### **Management Response**

*There was an error in the system for withholding tax deduction during the transaction of purchase of six laptops and two printers. The Head of Accounts noted the anomaly and in subsequent procurements it should not happen.*

#### **Recommendation**

The Accounting Officer should task the head of accounts to deduct withholding tax from all payments made to bidders.

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

This section will present the scores per area assessed under different audit questions

#### 3.1 Overall Compliance Inspection Conclusion

The performance of Jinja Regional Referral Hospital for the Financial Year 2021/22 was **Moderately Satisfactory** with overall weighted average risk rating of **41.4%**.

#### Entity's Performance

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 below:

Table 7: Summary of performance of Jinja Regional Referral Hospital

Risk category	No.	No. %	Value	Value %	Weights	Total weighted Average	
						By No.	By Value
High	1	10	60,651,410	9.2	0.6	6	5.5
Medium	3	30	465,341,484	70.6	0.3	9	21.2
Low	6	60	132,968,098	20.2	0.1	6	2
Satisfactory	0	0	0	0	0	0	0
<b>Total</b>	<b>10</b>	<b>100</b>	<b>658,960,992</b>	<b>100</b>	<b>1</b>	<b>21</b>	<b>28.7</b>

$$\text{Performance by Number} = \frac{21 \times 100}{60} = 35$$

$$\text{Performance by Value} = \frac{29.3 \times 100}{60} = 47.8$$

$$\text{The average weighted risk rating} = \frac{35 + 47.8}{2} = 41.4$$

Table 8: Risk rating is as follows:

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

**Annex A: Transaction list for FY 2021/2022**

<b>NO</b>	<b>REFERENCE NUMBER</b>	<b>SUBJECT OF PROCUREMENT</b>	<b>METHOD OF PROCUREMENT</b>	<b>PROVIDER</b>	<b>CONTRACT VALUE (UGX)</b>	<b>RISK RATING</b>
1	JRRH/SPLS/2021/22/0010	Supply of medical equipment spare parts	Request for Quotation	Ms. St Jude Electrical and Medical Equipment Workshop Ltd	19,167,000	Low risk
2.	JRRH/SPLS/2021/2022/0058	Supply of medical equipment spare parts for Q2	Request for Quotation	Ms. St Jude Electrical and Medical Equipment Workshop Ltd	36,555,000	Low risk
3.	JRRH/SPLS/2021/22/0000	Repair and maintenance of vehicles under framework contract	Open Domestic Bidding	Nakivubo Central Auto Spares Ltd Yusuf Ayub Motor Garage Ltd	NA	Low risk
4.	JRRH/WORKS/2021/22/0050	Procurement and repair of plumbing works in the private wing building	Request for Quotations	Faith United traders Limited	31,076,598	Low risk
5.	JRRH/WRKS/2021-22/0017	Construction of a sleeper tent for Covid Unit	Request for Quotation	Mercy Commercial Agencies	60,651,410	High risk
6.	JRRH/SPLS/2021-22/0098	Repairs, corrective maintenance, servicing and installation of additional CCTV surveillance cameras in the hospital	Request for Quotation	Kibs Systems Limited	64,192,000	Medium risk
7.	JRRH/Works/21-22/0113	Construction of a water borne toilet at ward 3 (Lot 1 ) and at laboratory (Lot 2)	Request for Quotation	Kasinan Investments Ltd	79,891,907.05	Medium risk
8.	JRRH/Works/2021-22/0090	Renovation and repairs of ward 2 and	Restricted Domestic Bidding	Kasinan Investments Ltd	321,257,577	Medium risk

		ward 3 blocks at Jinja RRH				
9.	JRRH/SUPLS/2021-22/0073	Purchase of 6 laptops and 2 printers	Request Quotations	for Vetogro	26,080,000	Low risk
10.	JRRH/supls/21-22/0087	Supply of printed medical stationery	Request Quotations	for Mercy Commercial Agencies	20,089,500	Low risk
	<b>Total</b>				<b>658,960,992</b>	

## **Annex B: Procurement and Disposal Unit and Contracts Committee**

### **List of staff in the Procurement and Disposal Unit**

<b>No.</b>	<b>Name</b>	<b>Title</b>
1.	Mr. Chrissy Karibwije	Head Procurement and Disposal Unit

### **List of Contracts Committee Members**

<b>No</b>	<b>Name</b>	<b>Committee Position</b>	<b>Position in the Entity</b>	<b>Date of Appointment</b>
1.	Dr. Racheal Alinaitwe	Chairperson	Medical Officer-Special Grade	1 <sup>st</sup> April 2022
2.	Ms.Molly Nakalembe	Secretary	Nursing Officer	21 <sup>st</sup> October 2019
3.	Ms.Sylvia Takali	Member	Principal Nursing Officer	1 <sup>st</sup> April 2022
4.	Mr.Deogratiuous Obel	Member	Principal Clinical Officer	1 <sup>st</sup> April 2022