PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY
"Regulating for Results"

REPORT ON THE COMPLIANCE AUDIT OF CHINA UGANDA FRIENDSHIP HOSPITAL FOR FINANCIAL YEARS 2024/2025 AND 2025/2026

JUNE 2026

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Acronyms

AO	Accounting Officer
CC	Contracts Committee
CUFH	China Uganda Friendship Hospital
EC	Evaluation Committee
FY	Financial Year
GCC	General Conditions of the Contract
HPDU	Head, Procurement and Disposal Unit
LPO	Local Purchase Order
NOBEB	Notice of Best Evaluated Bidder
ODB	Open Domestic Bidding
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
SIG	Special Interest Groups
SBD	Standard Bidding Document
SCC	Special Conditions of the Contract
UGX	Uganda Shillings

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out a compliance audit of China Uganda Friendship Hospital for the Financial Year 2024/2025 and 2025/2026 and reviewed 12 sampled procurement and disposal transactions.

The overall objective of the audit was to assess and establish the degree of compliance of Entity's procurement system and processes with the provisions of the PPDA Act Cap. 205, PPDA Regulations, 2023, PPDA Guidelines and the level of procurement performance over the audit period.

From the findings of the audit exercise, the performance of China Uganda Friendship Hospital in the Financial Year 2024/2025 and 2025/2026 was **moderately satisfactory** with an overall weighted average risk rating of **36.5%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the audit report.

Despite the Moderately Satisfactory performance, the following key exceptions were noted during the audit:

1. Failure to complete the funds availability section of the requisition form in the procurement and supply of plumbing of materials for the Engineering Department worth UGX 26,959,321 contrary to Regulation 4 (1) and (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non -Consultancy Services) Regulations, 2023. This exposes the Entity to a risk of conducting a procurement transaction for which funds are not available and may inhibit the Entity's ability to prioritize in the event the budget balance is found to be low.

2. Low bidder participation in framework contracts despite a relatively high number of invited providers: One to two bids were received despite invitations being issued to more than six potential providers. In the provision of security services under Framework Contract worth UGX 111,864,000 for 12 months, the bidding documents were issued to six bidders but only two bids were received. The low response rate was attributed to failure by the Enitity to use open domestic bidding as per Regulation 17 (7) of the PPDA (Contracts) Regulations, 2023.

3. Signing of a Notice of Best Evaluated Bidder by the Head, Procurement and Disposal Unit without evidence of delegation in six procurements worth UGX 850,463,920 contrary to Section 28 (1) (e) of the PPDA Act Cap. 205. This exposes the Entity to legal challenges/ disputes from unsuccessful bidders and possible invalidation of the procurement process.

4. Failure to deliver a copy of the Notice of Best Evaluated Bidder to all the bidders who participated in the bidding process in six procurements worth UGX 850,463,920, contrary to Regulation 3 (4) and (5) of the PPDA (Contracts) Regulations, 2023. This undermines the principle of transparency and may lead to unnecessary complaints.

5. Two months delay to obtain the Solicitor General's clearance of the draft contract in the procurement for the supply of an Anaesthesia machine worth UGX 355,120,000: The Entity wrote to the Solicitor General on 3rd January 2026 requesting for clearance of the draft contract

but the clearance was received more than two months later on 25th March 2026. Procurement objectives may not be achieved within planned the timelines.

6. Missing records in five procurements worth UGX 173,439,241 contrary to Section 33 (o) of the PPDA Act Cap. 205. This affects the audit trail and is an indicator of poor accountability of public funds.

7. Failure to obtain a performance security in the procurement for supply, installation, user training and commissioning of a heavy-duty autoclave equipment worth UGX 392,000,000, after contract signing as required by SCC (GCC 19.1 and 19.3) of the contract. This exposes the Entity to significant financial risks, in case of non-performance by the contractor.

8. Failure to extend validity of performance security in the procurement for the supply and delivery of an ambulance van, 14-seater minibus and a Station Wagon worth UGX 899,607,008. The supplier (City Ambulance) did not extend its performance security, yet they were requested to extend it from 26th February to 4th April 2026. This exposes the Entity to the risk of non-performance with no possible fall-back position.

9. Delayed delivery by three months in the delivery of an ambulance van, 14-seater minibus and a Station Wagon worth UGX 899,607,008. According to the contract, the ambulance van was supposed be delivered within 2 months from the contract date (7th January 2026) which was 7th March 2026. At the time of the audit in May 2026, the motor vehicles had not been delivered. This creates lengthy lead time which consequently impedes service delivery.

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

1. The Accounting Officer, who has the overall responsibility for the execution of the procurement and disposal function should:

    i) Task the User Departments to always indicate the amount of funds available on the requisition form based on their budget allocation, prior to confirmation of funding in accordance with Regulation 4 (1) and (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non -Consultancy Services) Regulations, 2023.

    ii) Use open domestic bidding procedures by advertising procurement opportunities under framework contracts as per Regulation 17 (7) of the PPDA (Contracts) Regulations, 2023.

    iii) Formally delegate responsibilities in accordance with Section 41 (a) (ii) of the PPDA Act Cap. 205.

    iv) Follow-up on draft contracts submitted to the Solicitor General for clearance to ensure compliance with the principle of economy and efficiency in accordance with Section 51 of the PPDA Act Cap. 205.

    v) Prevail over Contract Managers to always ensure that contractors provide the required performance security as indicated in the terms of the signed contract.

vi) Establish a centralised procurement records management system.

2. The Head Procurement and Disposal Unit should:

   i) Always send a copy of the Notice of Best Evaluated Bidder to all the bidders and obtain proof of delivery in accordance with Regulation 3 (4) and (5) of the PPDA (Contracts) Regulations, 2023.

   ii) Undertake market assessments before establishing delivery schedules and ensure that User Departments participate in determining realistic implementation timelines.

   iii) Implement file completeness checklists.

3. The Contract Manager should task the supplier (City Ambulance) to extend the performance security owing to the pending delivery of motor vehicles.

China Uganda Friendship Hospital should implement the recommended action plan on **page 14**.

CHAPTER 1: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out a compliance audit of China Uganda Friendship Hospital for the Financial Year 2024/2025 and 2025/2026 and reviewed 12 sampled procurement and disposal transactions. The audit involved a review of procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the PPDA Act Cap. 205, PPDA Regulations, 2023, and PPDA Guidelines.

1.2 Objective of the Audit

The overall objective of the audit was to assess the effectiveness and efficiency of procurement and disposal processes and the adherence of the Entity's systems and processes to the PPDA Act, Cap 205, PPDA Regulations, 2023 and PPDA Guidelines, 2024.

The specific objectives were to establish:

1. The level of compliance by the Procuring and Disposing Entity (PDE) with the general provisions of the PPDA Act Cap. 205, PPDA Regulations, 2023 and PPDA Guidelines;

2. The level of compliance with the PPDA Act Cap. 205 and PPDA Regulations, 2023 and PPDA Guidelines in the conduct of disposal activities for the audit period; and

3. The level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health, and Social safeguards (ESHS) where applicable.

1.3 Structure of the Entity

The Chinese government, designed and built the hospital as a gift to the people of Uganda. The institution which was completed in December 2011 consists of seven buildings, four operating rooms, a maternity ward, a Pediatric unit, a Teenage center (adolescent health unit), a blood bank, Radiology department (including a CT scanner) and housing for medical staff. The hospital was officially handed over to the Government of Uganda on 10th January 2012 to be jointly administered by the Uganda Ministry of Health and Kampala Capital City Authority (KCCA).

According to Section 28 of the PPDA Act Cap. 205, 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 China Uganda Friendship Hospital during the Financial Year under review was Dr. Irene Nayiga, the Hospital Director.

The Permanent Secretary/Secretary to the Treasury of the Ministry of Finance, Planning & Economic Development approved the members of the Contracts Committee listed in Table 1 below:

Table 1: Membership of the Contracts Committee

No.	Name	Designation	Committee Position
1.	Dr. Robert Isabirye	Head of Public Health Department and Consultant	Chairperson

No.	Name	Designation	Committee Position
2.	Ms. Renata Ritah Katutu	Hospital Administrator	Secretary
3.	Ms. Naigaga Florence	Senior Nursing Officer (Theatre in-charge)	Member
4.	Dr. Namanda Justine	Associate Consultant, Radiology	Member
5.	Ms. Igune Amuron Brenda	State Attorney	Member

According to Section 33 of the PPDA Act Cap. 205, all procurement or disposal activities of the Procuring and Disposing Entity except adjudication and the award of contract were to be managed by the Procurement and Disposal Unit. The Procurement and Disposal Unit during the financial year under review was headed by Mr. Robert Musasizi.

1.4 Procurement and disposal audit scope

The audit involved a review of the procurement processes, disposal processes, general compliance issues and contract implementation of 12 transactions under Financial Years 2024/2025 and 2025/2026 contained in **Appendix 1& 2**. The sample was selected based on purposive sampling using Contracts Committee minutes and monthly procurement and disposal reports.

1.5 Audit Methodology

On 3rd March 2026, the Entity was notified about the audit exercise. A sample of 12 procurement transactions conducted in the Financial Years 2024/2025 and 2025/2026 was selected. An audit launch meeting was held on 14th April 2026 between the audit team and the Entity's officials.

Two officers conducted the exercise under the supervision of the Manager, Performance Monitoring. During the exercise, the team examined records and documents of the sampled procurement transactions. This involved a review of the Entity's procurement/disposal planning, initiation, bidding, evaluation, contract placement and management processes.

On completion of file review, the audit team met with various stakeholders to discuss and obtain clarifications on some of the preliminary findings. A debrief meeting was held on 29th May 2026 between the audit team and the Entity's officials. A management letter was issued to the Entity for management's response on 12th June 2026 and the Entity's responses to the raised issues were received on 26th June 2026.

On completion of data collection and before writing the report, the Audit Manager reviewed the working papers for completeness. The working papers contained a detailed chronology of findings on each of the sampled transactions. The compliance audit report presents the key findings and conclusions arising from the audit.

CHAPTER 2: FINDINGS OF THE AUTHORITY

2.1 Compliance with the general provisions of the PPDA Act Cap. 205, Regulations, 2023 and Guidelines, 2024 in the conduct of procurement activities in FYS 2024/2025 and 2025/2026

2.1.1 Failure to complete the funds availability Section of the requisition form

Regulation 4 (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non - Consultancy Services) Regulations, 2023 states that *"The availability of funds shall be evidenced by budgeted or supplementary funds for the current financial year or an allocation for subsequent years"*.

A review of the sampled procurements revealed failure by the Entity to complete the funds availability section of the requisition form in the procurement and Supply of plumbing of materials for the Engineering Department worth UGX 26,959,321 contrary to Regulation 4 (1) and (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non -Consultancy Services) Regulations, 2023.

Implication

Failure to complete the funds availability section exposes the Entity to a risk of conducting a procurement transaction for which funds are not available and may inhibit the Entity's ability to prioritize in the event the budget balance is found to be low.

Management Response

Management acknowledged the anomaly and stated that the Entity endeavors to adhere to the PPDA Guideline and Regulations, however, the contract for the procurement in question was only effected upon availability of Funds.

Recommendation

The Authority noted management's response of effecting the contract upon confirmation of funding. However, no documentary evidence was provided to indicate that the process was started pending availability of funds and recommends that the Accounting Officer should task the User Departments to always indicate the amount of funds available based on their budget allocation prior to confirmation of funding in accordance with Regulation 4 (1) and (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non -Consultancy Services) Regulations, 2023.

2.1.2 Low bidder participation

Section 49 of the PPDA Act Cap. 205 states that, *"All procurement and disposal shall be conducted in a manner to maximise competition and achieve value for money"*.

A review of selected framework contracts revealed low bidder participation despite a relatively high number of invited providers. One to two bids were received despite invitations being issued to more than six potential providers. In the provision of security services under Framework Contract worth UGX 111,864,000 for 12 months bidding documents were issued to six bidders but only two bids were received. The low response rate was attributed to failure by the Entity to use open domestic bidding as per Regulation 17 (7) of the PPDA (Contracts) Regulations, 2023.

Implication

- This denies the Entity attainment of competitive prices and hence may limit the Entity's ability to obtain value for money.
- It may also be a pointer that bidders have no confidence in the Entity, or that an Entity is undesirable to bidders.
- Procurement outcomes may become dependent on a limited supplier base.
- There is an increased risk of inflated prices and reduced innovation.

Management Response

Management acknowledged the anomaly and stated that the entity always invites a minimum of six companies as provided by the PPDA regulation. In this particular procurement, seven companies were invited by email, however only three submitted by closing time. Prints of the Emails are available.

Authority's comment

The Authority noted the management response but file review revealed that the invitation to bid was addressed to seven bidders, bidding documents were issued to six bidders but only two bids were received and opened from Pearl Security Services Limited and Corporate Security Services (U) Limited. The Entity should have used open domestic bidding procedures before placement of framework contracts.

Recommendations

The Accounting Officer should use open domestic bidding procedures by advertising procurement opportunities under framework contracts as per Regulation 17 (7) of the PPDA (Contracts) Regulations, 2023.

2.1.3 Signing of a Notice of Best Evaluated Bidder by the Head of Procurement and Disposal Unit without evidence of delegation

Section 28 (1) (e) of the PPDA Act Cap, 205 states that "*the Accounting Officer shall be responsible for communicating award decisions*".

A review of sampled procurement revealed that the Head, Procurement and Disposal Unit signs on the Notice of Best Evaluated Bidder without evidence of delegated authority. This was noted in six procurements worth UGX 850,463,920 contrary to. The procurements are indicated in table 2 below:

Table 2: Signing of the Notice of Best Evaluated Bidder without evidence of delegation

No	Subject of Procurement	Contract value (UGX)
1.	Provision of security services under Framework Contract	111,864,000
2.	Procurement for collection and disposal of Domestic and medical waste for China Uganda Friendship Hospital Naguru on a Framework contract	146,479,920
3.	Repairs, replacement, and maintenance of an auto digital camera network security system for the hospital	198,845,000
4.	Procurement for supply, installation, user training and commissioning of a heavy-duty autoclave equipment	392,000,000

No	Subject of Procurement	Contract value (UGX)
5.	Procurement for auctioning services for the disposal of boarded off assets FY 2025-2026	UGX 375,000 plus commission of 3% of the sales value
6.	Provision of Auctioneering services for disposal of obsolete Assets FY 2022-2023 worth UGX 900,000 +15% of the total sale	UGX 900,000 +15% of the total sales value.
	Total	**850,463,920**

Implication

Signing a Notice of Best Evaluated Bidder without delegated authority may expose the Entity to legal challenges/ disputes from unsuccessful bidders and possible invalidation of the procurement process.

Management response

Management acknowledged the anomaly and stated that the Accounting Officer has formally addressed this concern in accordance with Section 41 (a) (ii) of the PPDA Act Cap. 205.

Recommendation

The Authority noted Management's response and recommends that the Accounting Officer should formally delegate responsibilities in accordance with Section 41 (a) (ii) of the PPDA Act Cap. 205.

2.1.4 Failure to deliver a copy of the Notice of Best Evaluated Bidder to all bidders who participated in the bidding process

A review of the sampled procurements revealed instances of failure to deliver a copy of the Notice of Best Evaluated Bidder to all bidders who participated in the bidding process in six procurements worth UGX 850,463,920. The Entity displayed the Notice of Best Evaluated Bidder without evidence of delivery of a copy of the same to all bidders who participated in the bidding processes contrary to Regulation 3 (4) and (5) of the PPDA (Contracts) Regulations, 2023. The procurements are indicated in Table 3 below:

Table 3: Failure to deliver a copy of the Notice of Best Evaluated Bidder to all bidders

No	Subject of Procurement	Contract Value (UGX)
1.	Provision of security services under Framework contract	111,864,000
2.	Procurement for collection and disposal of Domestic and medical waste for China Uganda Friendship Hospital Naguru on a Framework contract	146,479,920
3.	Repairs, replacement, and maintenance of an auto digital camera network security system for the hospital	198,845,000
4.	Procurement for supply, installation, user training and commissioning of a heavy-duty autoclave equipment	392,000,000
5.	Procurement for auctioning services for the disposal of boarded off assets FY 2025-2026	UGX 375,000 plus commission of 3% of the total sales value

No	Subject of Procurement	Contract Value (UGX)
6.	Provision of Auctioneering services for disposal of obsolete Assets FY 2022-2023 worth UGX 900,000 +15% of the total sale	UGX 900,000 +15% of the total sales value.
	Total	**850,463,920**

Implication
Failure to send a copy of the Notice of Best Evaluated Bidder to all bidders undermines the principle of transparency and may lead to unnecessary complaints.

Management Response
Management noted the anomaly and stated that in all the procurements above, the Entity in line with Regulation 105 (3) of the PPDA (Contracts) Regulations, 2023 displayed a copy of the Notice of Best Evaluated Bidder on the procurement notice board in addition to sending email to the individual bidders. Management further stated that prints of the emails are available for review by the Authority.

Recommendation
The Authority noted the management's response but there was no documentary evidence of sent emails to the bidders to substantiate the response and recommends that the Head, Procurement and Disposal Unit should always send a copy of the Notice of Best Evaluated Bidder to all bidders and obtain proof of delivery in accordance with Regulation 3 (4) and (5) of the PPDA (Contracts) Regulations, 2023.

2.1.5 Delayed Solicitor General's clearance of the draft contract
A review of the sampled procurements revealed delayed Solicitor General's clearance of the draft contract by two months for the procurement for the supply of an anaesthesia machine worth UGX 355,120,000. The Entity wrote to the Solicitor General on 3rd January 2026 requesting for clearance of the draft contract but the clearance was received more than two months later on 25th March 2026.

Implications
- Delays postpone commencement of contract implementation and service delivery.
- Procurement objectives may not be achieved within planned timelines.

Management response
Management noted the anomaly and stated that the Entity submitted the contract for clearance in time therefore, had to allow the due process at the Solicitor General's office to conclude and give the Entity feedback.

Authority's comment
The Authority noted the management response but there was no documentary evidence of efforts by the Entity to follow- up with the Solicitor General's office to ascertain the cause of the delay by more than two months.

Recommendation
The Accounting Officer should always follow-up on draft contracts submitted to the Solicitor General for clearance to ensure compliance with the principle of economy and efficiency in accordance with Section 51 of the PPDA Act Cap. 205.

2.1.6 Missing records
Section 33 (o) of the PPDA Act Cap. 205 requires the Procurement and Disposal Unit to maintain and archive records of the procurement and disposal process.

A review of the sampled procurements revealed missing documents in five procurements worth UGX 2,896,670,122 as shown in the Table 4 below:

Table 4: Procurements with missing records

No	Subject of Procurements	Contract Amount (UGX)	Missing Documents
1.	Supply of plumbing of materials for the Engineering Department	26,959,321	• Notice of Best evaluated Bidder. • Contract.
2.	Procurement for collection and disposal of Domestic and medical waste for China Uganda Friendship Hospital Naguru on a Framework contract	146,479,920	• Contract.
3.	Supply of medical equipment, CT scan (128 slice), room modification and a mobile X-Ray and room modification and training and commissioning	2,497,426,560	• Progress report for the modification works. • Report from the Contract Manager on technical performance.
4.	Supply of plumbing of materials for the Engineering Department	26,959,321	• Evidence of appointment of a Contract Manager. • Contract Implementation Plan. • Delivery Note • Goods Received Note • Invoice • Payment records
5.	Repairs, replacement, and maintenance of an auto digital camera network security system for the hospital	198,845,000	• Evidence of appointment of a Contract Manager. • Contract Implementation Plan. • Contract management report to ascertain if all the contractual services were provided. • Job card/Installation report as required by SCC (GCC 33.3).

No	Subject of Procurements	Contract Amount (UGX)	Missing Documents
			• Training report as required by SCC (GCC 33.3).
Total		**2,896,670,122**	

Implication

Failure to maintain complete procurement and contract management records limits accountability, impairs effective contract monitoring, hinders audit verification, and increases the risk of disputes and loss of institutional knowledge.

Management Response

Management stated that all the records are available for verification by the Authority.

Recommendations

The Authority noted the management response but there was no documentary evidence availed to substantiate the response and recommends that that the Accounting Officer should strengthen records management by:

- Establishing a centralised procurement records management system.
- Implementing file completeness checklists.

2.2 Compliance of the Entity's disposal process with the provisions of the PPDA Act Cap. 205, Regulations 2023 and PPDA Guidelines

2.2.1 Review of disposal activities

Regulation 2 of the PPDA (Disposal of Public Assets) Regulations, 2023 requires an Accounting Officer to review the public assets of a Procuring and Disposing Entity in each financial year and identify assets for disposal in the following year.

A review of disposal activities established that the Entity substantially complied with applicable disposal requirements using public auctioning and disposal proceeds amounted to UGX 3,246,000. Disposal planning was undertaken, valuations were conducted, approvals were obtained and asset records were updated accordingly. This was a positive achievement by the management.

The actions by the Entity demonstrate effective governance and compliance within the disposal function, reduce the risk of asset misappropriation and loss of public resources and enhanced accountability and transparency in asset management.

Recommendation

Management should sustain the current level of compliance and further strengthen disposal reporting by including:

- Reserve values and disposal proceeds.

- Percentage recovery rates.
- Analysis of realised value against valuation estimates.

2.3 Efficiency and effectiveness in contract implementation including the application of ESHS requirements in the procurement process

2.3.1 Failure to obtain a performance security

A review of the sampled procurements revealed failure by the provider to submit a performance security in the procurement for supply, installation, user training and commissioning of a heavy-duty autoclave equipment worth UGX 392,000,000 as required by GCC 19.1 and 19.3 of the signed contract.

Implication

The absence of a performance security exposes the Entity to significant financial risks, in case of non-performance by the contractor.

Management Response

Management stated that the performance security for the above procurement was submitted by the supplier in accordance with Regulations 11 and 12 (1) (a) of the PPDA (Contracts) Regulations, 2023 and is available for verification by the Authority.

Authority's comment

The Authority noted the management response but there was no documentary evidence availed to substantiate the response.

Recommendation

The Accounting Officer should always task contractors to provide the required performance securities as indicated in the Special Conditions of the signed contract and strengthen monitoring controls to ensure their timely retrieval in accordance with contract management requirements.

2.3.2 Failure to extend the validity of performance security

A review of the sampled procurements revealed a failure by the Entity to extend the performance security for the supply and delivery of an ambulance van, 14-seater minibus and a Station Wagon worth UGX 899,607,008. The supplier (City Ambulance) did not extend its performance security, yet they were requested to extend it from 26th February 2026 to 4th April 2026. However, the performance security was not submitted yet there was no evidence of delivery on file.

Implications

- Failure to extend the validity of performance security exposes the Entity to a risk of non-performance with no possible fall-back position.
- Leads to undesired request for contract extensions and implementation delays become more likely.
- The Entity may fail to obtain goods and services as required.

Management response
Management noted the anomaly and stated that the Supplier (City Ambulance) provided a performance security at the commencement of the Contract and an extension was made thereafter and that the extension document is available for verification by the Authority.

Recommendation
The Authority noted the management response but there was no documentary evidence availed to substantiate the response and recommends that the Contract Manager should task the supplier (City Ambulance) to extend the performance security owing to the pending delivery of motor vehicles.

2.3.3 Delayed delivery
Regulations 52(1)(b) and 52(3) (a)(i) of the PPDA (Contracts) Regulations, 2023 mandates Contract Managers to monitor contract performance to ensure that providers execute all their contractual obligations, including delivery timelines, within the contractual completion period specified in the contract.

A review of the sampled procurements revealed delayed delivery by three months in the delivery of an ambulance van, 14-seater minibus and a Station Wagon worth UGX 899,607,008. According to the contract, the ambulance van was supposed be delivered within 2 months from the contract date (7th January 2026), which was 7th March 2026. At the time of the audit in May 2026, the motor vehicles had not been delivered.

Implication
Unrealistic delivery periods lead to disruptions in effecting the Entity's operations since suppliers may not be able to comply with the contractual timelines. This may lead to undesired request for contract extensions and implementation delays become more likely. The Entity may fail to obtain required goods and services when needed.

Management Response
Management acknowledged the anomaly and stated that the procurement in question was affected by the global supply chain disruptions caused by the war in the Gulf Region and the all the supporting documents are available for verification by the Authority.

Recommendation
The Authority noted the management response on the global supply chain disruptions caused by the war in the Gulf Region but there was no documentary evidence availed to substantiate the response and recommends that the Entity should undertake market assessments before establishing delivery schedules and ensure that User Departments participate in determining realistic implementation timelines.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This Section presents the risk rating and the Entity's overall performance.

3.1. Overall Performance Audit Conclusion

The procurement and disposal activities of China Uganda Friendship Hospital for the Financial Years 2024/2025 and 2025/2026 were conducted in compliance with the provisions of the PPDA Act, Cap. 205, the PPDA Regulations, 2023, and PPDA Guidelines. The Entity maintained the required procurement and disposal structures.

However, the audit identified notable control and performance weaknesses that require corrective action by management. This included failure to complete the funds availability section on the requisition form, low bidder participation, signing of the Notice of Best Evaluated Bidder without delegated authority, two months delay in clearing a draft contract, missing records, failure to obtain a performance security, failure to extend validity of a performance security and delayed delivery of supplies.

The weaknesses if not addressed could materially undermine the overall integrity of the procurement system, affect service delivery, value for money, supplier confidence and achievement of the Hospital objectives. They indicated deficiencies in internal controls, procurement governance, records management and contract management.

Accordingly, the performance of China Uganda Friendship Hospital for FY 2024/2025 and 2025/2026 is assessed as **Moderately Satisfactory** with an overall weighted average risk rating of **36.5%**, but requiring management to strengthen oversight over the procurement and disposal function by ensuring compliance with the PPDA legal framework, improve documentation and contract management, ensuring timely procurement processes and holding responsible officers accountable for non-compliance.

Table 5: Risk Rating

Risk Rating (%)	Description of Performance
0 –30	Satisfactory
31 – 70	Moderately satisfactory
71 – 100	Unsatisfactory

3.2. 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:

3.3. Risk Computation

The Table below shows the computation of risk for China Uganda Friendship Hospital:

Table 6: Risk Computation

Risk Category	No.	No. %	Value (UGX)	% Value	Weights	Total weighted Average	
						By No.	By Value
High	0	0	0	0	0.6	0	0
Medium	6	50	4,126,701,889	80.5	0.3	15	24.2
Low	2	16.7	501,599,920	9.8	0.1	1.7	2.9
Satisfactory	4	33.3	495,655,430	9.7	0	0	0
Total	**12**	**100**	**5,123,957,239**	**100**	**1**	**16.7**	**27.1**

Weighted Average (By no.) = $\frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{16.7}{60} \times 100 = 27.8\%$

Weighted Average (By Value) = $\frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{27.1}{60} \times 100 = 45.2\%$

The average weighted risk rating = $\frac{27.8+45.2}{2} =$ **36.5%**

3.4. Chart Representation of Risk Rating

Figure 1: Chart Representation of Risk Rating by Number

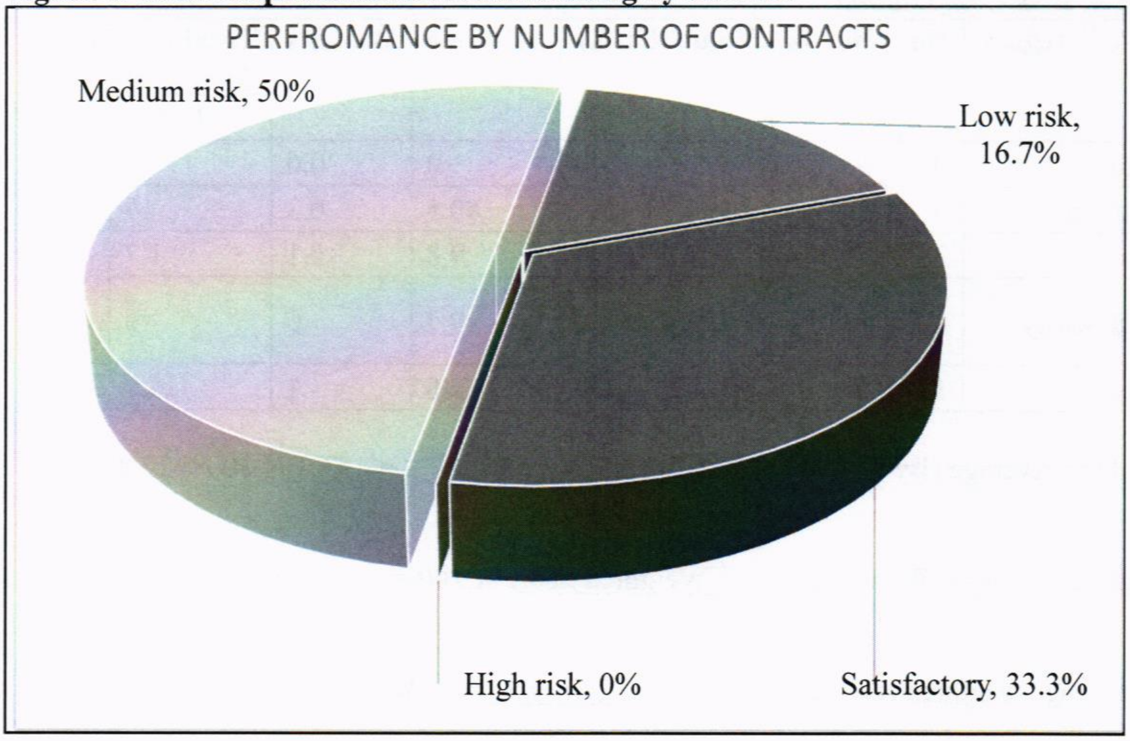
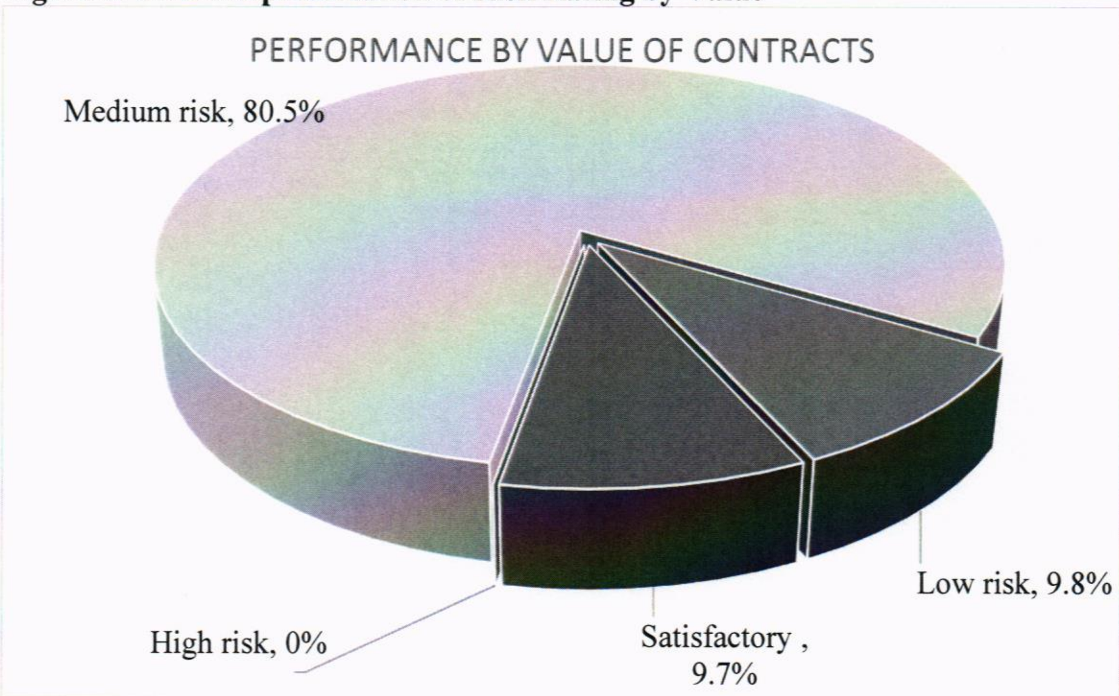


Figure 2: Chart Representation of Risk Rating by Value



3.5. Recommendation Action Plan

The Entity should implement the recommendations as indicated in Table 7 below:

Table 7: Action Plan

Finding	Action/Recommendation	Responsible Officer	Timeline
Failure to complete the funds availability Section of the requisition form	Task the User Departments to always indicate the amount of funds available on the requisition form	Accounting Officer / Head PDU	Within 30 days
Low bidder participation	Use open domestic bidding procedures	Accounting Officer	Within 30 days
Signing of a Notice of Best Evaluated Bidder by the Head of Procurement and Disposal Unit without evidence of delegation	Formally delegate responsibilities	Accounting Officer	Within 30 days
Failure to deliver a copy of the Notice of Best Evaluated Bidder to all bidders	Always send a copy of the Notice of Best Evaluated Bidder all bidders and obtain proof of delivery	Head PDU	Within 30 days
Delay to obtain Solicitor General's clearance	Follow up on draft contracts submitted to the Solicitor General for clearance	HPDU	Within 30 days
Missing records	Implement file completeness checklists	HPDU	Within 30 days
Failure to obtain a performance security after contract signing	Always enforce the terms of the contract	HPDU/Contract Managers	Within 30 days
Failure to extend validity of performance security	Task the supplier (City Ambulance) to extend the performance security owing to the pending delivery of motor vehicles	HPDU/Contract Manager	Before delivery of supplies
Delayed delivery	Undertake market assessments before establishing delivery schedules	HPDU	Within 30 days

APPENDICES

Appendix 1: Sample list for China Uganda Friendship Hospital Compliance audit for the FY 2025-2026

No	Procurement Reference Number	Subject of Procurement	Procurement Method	Service Provider	Contract Amount in UGX	Risk rating
1.	CUFH/SUPLS/2025-2026/00029	Supply of medical equipment, CT scan (128 slice), room modification and a mobile X-Ray and room modification and training and commissioning	Open Domestic Bidding	JV Elsmed Healthcare Solution SMC and Elsmed Health Limited	2,497,426,560	Medium
2.	CUFH/SUPLS/2025-2026/00027	Supply and delivery of an ambulance van, 14-seater minibus and a station wagon	Open Domestic Bidding	City Ambulance limited	899,607,008	Medium
3.	CUFH/SUPLS/25-26/00055	Procurement for supply, installation, user training and commissioning of a heavy-duty autoclave equipment	Restricted Domestic Bidding	Sagewood Limited	392,000,000	Medium
4.	CUFH/SUPLS/2025-2026/00068	Supply of an anaesthetic machine	Restricted Domestic Bidding	Medequip Uganda limited	355,120,000	Low
5.	CUFH/WRKS/2025-2026/00026	Renovation and maintenance of hospital (OPD)	Restricted Domestic Bidding	Electec-Sol Technologies Limited	295,340,430	Satisfactory

No	Procurement Reference Number	Subject of Procurement	Procurement Method	Service Provider	Contract Amount in UGX	Risk rating
6.	CUFH/SUPLS/2025-2026/00047	Supply of two Operating table	Restricted Domestic Bidding	Rima East Africa Limited	199,040,000	Satisfactory
7.	CUFH/NCONS/25-26/00037	Repairs, replacement, and maintenance of an auto digital camera network security system for the hospital	Request For Quotation	Siimatec Services Limited	198,845,000	Medium
8.	CUFH/NCONS/2025-2026/00006	Provision of security services under Framework Contract	Restricted Domestic Bidding	Pearl Security Services limited	111,864,000	Medium
9.	CUFH/NCONS/25-26/00004	Procurement for collection and disposal of Domestic and medical waste for China Uganda Friendship Hospital Naguru on a Framework contract arrangement	Restricted Domestic Bidding	NLS Waste Services Ltd	146,479,920	Low
10.	CUFH/NCONS/25-26/00102	Procurement for auctioning services for the disposal of boarded off assets	Request for quotation	Simba Speed Auctioneers Limited	UGX 375,000 plus commission of 3% of the sales value	Satisfactory
	TOTAL				5,123,957,239	

Appendix 2: Sample list for China Uganda Friendship Hospital Compliance audit for the FY 2024-2025

No	Procurement Reference Number	Subject of Procurement	Procurement Method	Service Provider	Contract Amount in UGX	Risk rating
11.	CUFH/SUPLS/2024-2025/00005	Supply of plumbing equipment for the Engineering Department	Request For Quotation	Kaljack World (u) Limited	26,959,321	Medium
12.	CUFH/NCONS/2024-2025/00063	Provision of Auctioneering services for disposal of obsolete Assets	Request for quotation	Goshen Auctioneers and Financial Services Limited	UGX 900,000 +15% of the total sale	Satisfactory
	TOTAL				27,859,321	

Appendix 3: Risk Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
HIGH	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry a 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".	**Planning:** Lack of or failure to procure within the approved plan	This implies emergencies and the use of the direct procurement method which affects competition and value for money.
		Bidding Process: Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals, and usurping the powers of the PDU.	This implies the use of less competitive methods which affects transparency, accountability, and value for money.
		Evaluation: Use of inappropriate evaluation methodologies or failure to conduct an 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.
		Record Keeping: Missing procurement files and missing key	This implies that one cannot ascertain the audit trail namely; whether there was

RISK	DESCRIPTION	AREA	IMPLICATION
		records on the files namely; solicitation document, submitted bids, evaluation report and contract.	competition and fairness in the procurement process.
		Fraud/forgery: Falsification of Documents	This implies a lack of transparency and value for money.
		Contract Management: 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
MEDIUM	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 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.	**Planning:** Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		Bidding Process: Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms, and splitting procurement requirements.	This implies a lack of efficiency, standardization, and avoiding competition.
		Procurement Structures: Lack of procurement structures	This implies a lack of independence of functions and powers and interference in the procurement process.
		Record Keeping: 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.

RISK	DESCRIPTION	AREA	IMPLICATION
		Contract and Contract Management: 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 are not covered by the contractor during contract implementation.	
LOW	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 practices. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.	**Planning:** Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record-keeping.
		Bidding Process: Not signing the Ethical Code of Conduct	This leads to failure to declare a conflict of interest and a lack of transparency.

RISK	DESCRIPTION	AREA	IMPLICATION
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.		