



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

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

COMPLIANCE INSPECTION REPORT FOR FINANCIAL YEAR 2024/25

LIRA REGIONAL REFERRAL HOSPITAL

APRIL 2026

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ACRONYMS

ESHS	Environmental, Social, Health and Safety
FY	Financial Year
ITB	Instruction to Bidders
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
PPDA Act	Public Procurement and Disposal of Public Assets Act, Cap. 205
UGX	Uganda Shillings

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the compliance inspection of Lira Regional Referral Hospital that covered a sample of 8 procurement transactions under Financial Year 2024/25. The overall objective of the compliance inspection was to assess the effectiveness and efficiency of procurement and disposal processes at the Entity and adherence to the PPDA Act, Cap. 205, attendant PPDA Regulations, and public procurement policies so as to determine the procurement performance over the compliance inspection period.

From the findings of the compliance inspection exercise, the performance of Lira Regional Referral Hospital for Financial Year 2024/25 was **Moderately Satisfactory**, with an average weighted risk rating of **59.51%** as per the ranking in Table 16 under Chapter 3 of this compliance inspection report.

The performance was attributed to the following key exceptions:

1. Section 60 (10) of the PPDA Act, Cap. 205 states that: *“A procurement shall not be carried out outside the procurement plan except in emergency situations”*. The Authority found that two procurements worth UGX. 47,334,457 were executed outside the procurement plan during the financial year 2024/25. The procurements queried were not included in the Entity’s procurement plan and there was no proof that the procurement plan was updated. Executing procurements outside the approved procurement plan, undermined the overall procurement strategy and further exposed the Entity to the risk of domestic arrears.
2. Failure to fully implement 75% of the Authority’s previous audit recommendations. Section 10 (1) of the PPDA Act, Cap. 205 requires the Accounting Officer to ensure that the Authority’s recommendations are implemented to enhance the procurement function in the Entity and to avoid the consequences of the Authority’s actions specified under Section 10 (1) (a & b) of the PPDA Act, Cap. 205. The Authority found that out of the 8 audit recommendations made in the FY 2022/2023; 2 (25%) were implemented, 2 (25%) were partially implemented and 4 (50%) were not implemented. This undermines effective regulatory oversight and curtails improvement in the procurement function.
3. Regulations 3 (1) & (2) of the PPDA (Rules and Methods of Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires a Procuring and Disposing Entity to initiate procurements using an authorised PP Form 5 (Part I) with all the details as provided for in the form. The Authority found that the Procurement and Disposal Unit initiated three procurements worth UGX. 58,854,457 procurements with incomplete and unauthorized procurement requisitions such as conducting a procurement without procurement requisition form, the Accounting Officer signing on the initiation from certifying availability of fund without the user department’s signature and failure to state the procurement estimated value in the initiation form. Initiation of procurements with incomplete and unauthorized procurement requisition, exposed the Entity to the risk of mis-procurements by initiating procurements for which funds may not be available.
4. Regulation 42 (a) & (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 states that: *“A procuring and disposing entity shall, when preparing each bidding document, ascertain that—
(a) the statement of requirements defines the requirement precisely and in a manner that leaves no doubt or assumption by a bidder;*

(b) the evaluation criterion considers all the appropriate factors and that the method of application of these factors is clear.

The Authority, however, found that in two procurements worth UGX. 11,818,100, the bidding document circulated to bidders, had unclear evaluation criteria such as failure to define the required period of the documents requested for like the Trading Licence, the Income Tax Clearance and the audited books of accounts. This negatively affects the quality of bids prepared by the bidders and bid evaluation, hence affecting bidder's competitiveness in the bidding process.

5. Regulations 11 (1) of the PPDA (Evaluation) Regulations, 2023 states that: *"An Evaluation Committee shall undertake a post qualification evaluation before award decision, to confirm whether the best evaluated bidder has the capacity and the resources to effectively execute the procurement."* The Authority found that in two procurements worth UGX. 31,666,000 the best evaluated bidder's capacities were inadequately assessed during the evaluation process. Failure to adequately assess the capacity of the best evaluated bidders during the evaluation process and conducting post qualification, exposed the Entity to the risk of contracting unreliable and incapable providers.
6. Regulations 5 (1) & (2), of the PPDA (Evaluation) Regulations, 2023 states that:
*"(1) The evaluation of bids shall be conducted in accordance with the evaluation criteria specified in the bidding documents.
(2) An Evaluation Committee shall not, during an evaluation, make any amendment including any addition to the evaluation criteria stated in the bidding document, and shall not use any other criteria other than the criteria specified in the bidding document."*
The Authority, however, found that in the procurement for the supply of assorted medical equipment worth UGX. 24,916,000 the Evaluation Committee introduced new evaluation criteria that was not in the bidding document issued to bidders, to evaluate bids. This compromised the integrity of the evaluation process and subjected the evaluation outcome to unfairness; thereby breeding discontent among unsuccessful bidders thus damaging the image of public procurement.
7. Regulations 49 (1) & (3) of the PPDA (Contracts) Regulations, 2023 states that; *"The payment for any sum of money due under a contract shall only be made in the name of the provider stated in the contract."* In the procurement for supply of medical equipment worth UGX. 24,916,000 the Authority found that the Entity initiated payment to the supplier; Axis Medicare (EA) Ltd. without a signed contract. The payment of UGX. 24,916,000 was initiated on 22nd June, 2025 and the contract was signed on 23rd June, 2025; contrary to the above requirements. Initiating payment to the supplier, Axis Medicare (EA) Ltd., without a signed contract, was a procedural overlap and an indicator of retrospective approvals under taken by the Entity.
8. Regulation 6 (1) (b) of the PPDA (Contracts) Regulations, 2023, states that: *"A procuring and Disposing Entity shall not issue a contract, purchase order, or other communication in any form, conveying acceptance of a bid that binds a Procuring and Disposing Entity to a contract with a provider, except where the Accounting Officer confirms that the contract price is not higher than the market price established prior to the commencement of the procurement process."* The Authority found that the contract of the additional works for the renovation of the main operating theatre was signed at UGX. 24,834,457 a higher price than the contract award price of the Contracts Committee that was UGX. 24,310,400 thus

- causing a cost variance increment of UGX. 524,057. This exposed the Entity to the risk of domestic arrears, due to budget deficit and inability to pay for the extra cost in the project.
9. Regulation 2 (1) of the PPDA (Disposal of Public Assets) Regulations, 2023 mandates the Accounting Officer to plan and dispose assets that are due for disposal. During the audit the Authority found that the Entity failed to plan and dispose assets in the FY 2024/25. Failure by the Entity to dispose obsolete assets, expose the assets to further loss of market value through depreciation for depreciable assets and a public health hazard for the medical equipment and their related accessories.
 10. Part V of the PPDA (Contracts) Regulations, 2023 provides guidance on contract management; where Regulation 50 (1) mandates the Accounting Officer to appoint a person from the user department to be the contract manager. In regard to the above, Regulation 51 “(1) states that; *a user department shall nominate, a member of the user department, with appropriate skills and experience, or a person who is supervised by a member of the user department who has the appropriate skills and experience, to be appointed as contract manager*”. Accordingly, Regulation 52 mandated the Contract Manager to manage the obligations and duties of the procuring and disposing entity specified in the contract; and to make certain that the provider performs the contract in accordance with the terms and conditions specified in the contract.

The Authority found that, in five procurements worth UGX. 80,284,457, the Entity had inadequacies in contract management where the contract managers were not appointed and contract management plans were not prepared among others. Failure by the Accounting Officer to appoint Contract Managers, exposed the Entity to the risk of poor contract implementation and supervision that grossly affects the achievement of the intended objective of the projects.

11. Section 66 of PPDA Act, 205 states; “*A Procuring and Disposing Entity shall for each procurement take into account environmental protection, social inclusion and stimulating innovation.*” The Authority found that the Entity did not enforce Environmental and Social requirements in the contract for the extra works for renovation of main operation theatre worth UGX. 24,834,457 for there was no ESHS report for the project. Failure by the Contract Manager to prepare ESHS compliance report for the project showed that ESHS requirements and mitigation measures were undermined during the project implementation.
12. Section 33 (o) of the PPDA Act, Cap. 205 states that: “*A Procurement and Disposal Unit shall maintain and archive records of the procurement and disposal process.*” In six procurements worth UGX. 85,352,557 the Authority found that the Procurement and Disposal Unit failed to have in place complete files for the procurements executed in the Entity. This showed inadequacy in record keeping, that affects proper accountability for the procurement activities, and distorts the audit trail.

In summary, the Authority observed irregularities in the procurement planning, bidding process, evaluation irregularities and poor contract management that affected the Entity’s performance during the FY 2024/25.

In light of the above findings, the Authority recommends that:

1. The Accounting Officer should:

- i. Enforce implementation of the Authority's audit recommendations which will enhance the procurement function in the Entity and avoid the consequences of the Authority's actions specified under Section 10 (1) of the PPDA Act, Cap. 205;
 - ii. Sign contracts with the best evaluated bidders within the contract award price. This should be done in accordance with Regulations 6 (1) (b & e), 7 (1) and 8 (1) of the PPDA (Contracts) Regulations, 2023;
 - iii. Task the Head Procurement and Disposal Unit to safely dispose all the medical consumables in compliance with Regulation 2 of the PPDA (Disposal) Regulations, 2023 in order to protect the public from the risks associated with uncontrolled disposal of medical products.
 - iv. Task the Head Procurement and Disposal Unit together with the Heads of User Departments, on an annual basis to prepare a disposal plan for the Entity as required under Regulation 2 of the PPDA (Disposal) Regulations, 2023 and a copy submitted to the Authority;
 - v. Task the Internal Audit Unit to progressively audit the procurement process to enhance the efficient procurement system in the Entity, in compliance with Regulation 27 of the PPDA (PDE) Regulations, 2023;
 - vi. Appoint Contract Managers to supervise projects implemented by the Entity, in compliance with Regulations, 50 (1) and 51(1) of the PPDA (Contracts) Regulations, 2023, so as to achieve the objectives of the procurements;
 - vii. Task Contract Managers to prepare contract management plans and reports to provide accountability of the project implementation process and for effective monitoring, as required under Regulations 50 (3) of the PPDA (Contracts) Regulations, 2023; and
 - viii. Task the Contract Managers to closely supervise and prepare appropriate reports for the projects implemented in the Entity in compliance with Section 66 of PPDA Act, Cap. 205 where ESHS requirements are applicable.
2. The Contracts Committee should only consider submissions from the Procurement and Disposal Unit that are in the Entity's approved procurement plan for a given financial year, in accordance with Section 30 (d) of the PPDA Act, Cap. 205.
3. The Head of the Procurement and Disposal Unit should:
 - i. Adhere to the procurement plan in accordance with Section 60 (10) of the PPDA Act, Cap. 205 and in the event that the procurement is not in the procurement plan, update the procurement plan in compliance with Regulation 4 of the PPDA (Procurement Planning) Regulations, 2023;
 - ii. Initiate procurements based on approved procurement requisitions by the Accounting Officer, in accordance with Regulation 3 (1) & (2), of the PPDA (Rules and Methods of Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;
 - iii. Clearly define the bidding requirements in the bidding documents before issuance to bidders to enable bidders prepare competitive bids and also enable the Evaluation Committees evaluate bids uniformly without bias. This should be done in compliance with Regulation 42 (a) & (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;
 - iv. Guide the Evaluation Committees to adequately evaluate bids in accordance with the evaluation criteria stated in the bidding documents, including conducting post qualification where applicable, in compliance with Regulations 5 (1) & (2) and 11 (1) & (2) of the PPDA (Evaluation) Regulations, 2023 respectively;

- v. Review the evaluation reports for accuracy in compliance with Regulation 12 (4) of the PPDA (Evaluation) Regulations, 2023 in order to avoid contracting incapable providers; and
 - vi. Maintain complete procurement files for all the procurements executed in the Entity during a financial year in accordance with Section 33 (o) of the PPDA Act, Cap. 205.
4. The Heads of User Departments should avoid:
- i. Initiating payments for providers who have no signed contracts with the Entity. The forementioned, should be done in compliance with Regulations 49(1), (2) & (3) of the PPDA (Contracts) Regulations, 2023; and
 - ii. Submitting to the Procurement and Disposal Unit procurement requisitions that have not been approved by the Accounting Officer, so as to comply with the requirements under Regulation 3 (1) & (2), of the PPDA (Rules and Methods of Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
5. The Evaluation Committees should evaluate bids based on the evaluation criteria specified in the bidding document issued to bidders, without any deviation so as to achieve equitable assessment of bidders. This will enable the Entity identify and select reliable and capable bidders who will be able to successfully execute its procurements.

Lira Regional Referral Hospital should, therefore, implement the recommended action plan on page **22 - 24** of this report.

CHAPTER 1: INTRODUCTION

1.1 Procurement structures.

The key players in the procurement structure at **Lira Regional Referral Hospital** included the Senior Executive Consultant as 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 fully functional at the time of Audit.

1.1.1 Accounting Officer.

Section 28 of the PPDA Act Cap. 205 gives the Accounting Officer the overall responsibility for the successful execution of procurement and disposal process in the Procuring and Disposing Entity. During the Financial Year 2024/2025, the Senior Executive Consultant, Dr. Andrew Odur was designated as the Accounting Officer of the Entity.

1.1.2 Composition of the Contracts Committee.

During the year under audit, the Entity's Contracts Committee was fully constituted as per the provisions of Section 29 of the PPDA Act, Cap. 205 and their tenure had not expired as indicated in Table 1 below.

Table 1: Contracts Committee members

No.	Name	Job Title	Position on Committee	Date of Appointment
1.	Dr. James Okello	MOSG Obstetrics & Gynecology	Chairperson	24 th September 2024
2.	Ms. Monica Akello Monica	Senior Hospital Administrator	Secretary	24 th September 2024
3.	Mr. Peter Obelle	Principal Orthopaedic Officer	Member	24 th September 2024
4.	Ms. Elizabeth Nyakwebara	Solicitor Gulu Circuit	Member	24 th September 2024
5.	Ms. Sarah Sarah	Assistant Nursing Officer	Member	24 th September 2024

1.1.3 Staffing of the Procurement and Disposal Unit.

The Procurement and Disposal Unit was manned by the following staff during the period under review.

Table 2: Staff in the Procurement and Disposal Unit

No.	Name	Position	Qualification
1.	Mr. Joseph Ebasu	Procurement Officer / Head Procurement and Disposal Unit	Bachelor of Procurement and Logistics Management
2.	Mr. Daniel Opokowat	Procurement Assistant	Bachelor of Procurement and Logistics Management

1.2 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a compliance inspection of your Entity that covered 8 procurement transactions for the Financial Year 2024/25, as listed in Appendix 1.

1.3 Objective of the Compliance Inspection

The overall objective of the compliance inspection was to assess the effectiveness and efficiency of procurement and disposal processes at the Entity and adherence to the PPDA Act, Cap. 205, attendant PPDA Regulations, and public procurement policies so as to determine the procurement performance over the compliance inspection period.

The specific objectives of the compliance inspection were to assess the:

1. Compliance of the Entity's procurement processes with the provisions of the PPDA Act, Cap. 205 and any other applicable laws and identify areas for improvement to enhance procurement practices at the Entity;
2. Compliance of the Entity's disposal process with the provisions of the PPDA Act, Cap. 205 and attendant Regulations; and
3. Efficiency and effectiveness in contract implementation including the application of the Environmental, Social, Health and Safety (ESHS) requirements in the procurement processes at the Entity.

1.4 Scope of the Compliance Inspection

The inspection involved a review of the procurement and disposal process, general compliance issues and contract implementation on sample basis. The exercise covered a sample of 8 procurement transactions worth UGX.175,015,057 conducted during the FY 2024/2025, review of procurement structures and review of the procurement plan performance. The list of sampled transactions is contained in Appendix 1.

1.5 Methodology

A sample of 8 procurement transactions were selected based on stratified random sampling using the Contracts Committee minutes and monthly procurement and disposal reports. The Auditors examined records and documents for each sampled procurement and disposal transactions from where inspection evidence was derived to draw the inspection conclusions. This involved a review of the Entity's procurement/disposal planning, initiation, bidding, evaluation, contract placement and management processes.

During the inspection, the Auditors met with the staff from the Procurement and Disposal Unit (PDU), the Contracts Committee, Internal Audit, and User Departments where necessary, to obtain crucial qualitative information about the internal control systems and processes in place.

A debrief meeting to discuss preliminary findings was held on 18th September 2025 with the Entity management and staff before the preparation of the management letter. The management letter was sent to the Entity on November 15, 2025 with a request to submit a management response by November 21, 2025. The Entity submitted the management response on December 19, 2025.

This report presents key findings and conclusions arising from the compliance inspection exercise.

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

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

The anomalies below were noted, during the inspection:

2.1.1 procurement plan implementation rate

Section 60 (2) (d) of the PPDA Act, Cap. 205, requires the Procuring and Disposing Entity to integrate its procurement budget with its expenditure programme. The Authority found that the Entity had low implementation of the procurement activities during the financial year (FY) 2024/25. This was because the Entity's spend was worth UGX. 431,821,537 out of the planned procurement spend worth UGX. 1,141,028,403 which translates into a procurement plan implementation rate of 38% with a variance of UGX. 709,206,866 as presented in Table 3 below.

Table 3: Analysis of procurement spend for financial year 2024/2025

Procurement Plan Value (UGX)	1,141,028,403
Procurement Spend (Quarterly and monthly Reports Value) UGX	431,821,537
Procurement Plan Implementation Rate (%)	38%
Variance (UGX)	709,206,866

Implication

The low procurement implementation rate above, indicated that the Entity did not realize all its planned procurement objectives and had low budget absorption, which curtailed the Entity's achievement of its planned objectives. Hence, a hinderance to effective health service delivery to the beneficiaries.

Management response

Observation of the Audit Team is noted. Management together with the Heads of Departments will continuously endeavor to improve and ensure that all the planned procurements are implemented as per budget and funds released to the Entity.

Recommendation

The Accounting Officer and the Heads of User Departments should ensure that all the planned procurements are implemented as per budget and funds released to the Entity. This will enable the Entity to achieve a balanced budget performance and realize its procurement objectives. In case of any changes to the funds released to the Entity, the procurement plan should be updated, approved by the Contracts Committee and a copy submitted to the Authority, in accordance with Section 60 (7) & (8) of the PPDA Act, Cap. 205.

2.1.2 Procurement activities not implemented in the FY 2024/25

Section 60 (2) (d) of the PPDA Act, Cap. 205, requires the Procuring and Disposing Entity to integrate its procurement budget with its expenditure programme. The Authority found that five procurements, in Table 4 below. worth UGX. 179,000,000 were planned for but not implemented during the financial year. This affects budget performance of the Entity, by creating budget surplus.

Table 4: Procurements not implemented in the FY 2024/25

No.	Subject of procurement	Amount (UGX)
1.	Property management	90,000,000
2.	Information	70,000,000
3.	Guards and Security	10,000,000
4.	Consultancy Services	5,000,000
5.	Advertising and Public Relations	4,000,000
	Total	179,000,000

Implication

Failure to implement all the procurement activities in the financial year, exposed the Entity to the risk of not meeting its budget objectives and potentially contributing to unutilized funds at the end of the financial year and return of funds to the Treasury thus affecting service delivery to the beneficiaries.

Management response

Observation of the Audit Team is noted. However, management will continuously endeavor to improve and ensure that all planned procurement activities are implemented as per funds released to the Entity. The PDU always updates the procurement plan in case of changes that affects the implementation of the procurement activities and a copy is submitted to the Authority.

Authority's comment

The management response has been noted, however, the updated procurement plan provided as evidence was prepared for the renovation of the main operation theatre only and was not covering all the procurements of the Entity under taken during the FY 2024/25.

Recommendation

The Accounting Officer should ensure that all procurement activities are implemented as per funds released to the Entity, so as to meet the service delivery needs of the beneficiaries. In case of changes in the Entity that affects the implementation of the procurement activities, the procurement plan should be updated, approved by the Contracts Committee and a copy submitted to the Authority, in accordance with Section 60(7) & (8) of the PPDA Act, Cap. 205.

2.1.3 Procurements implemented outside the procurement plan

Section 60 (10) of the PPDA Act Cap. 205 states that: *"A procurement shall not be carried out outside the procurement plan except in emergency situations."* The Authority found that two procurements worth UGX. 47,334,457, as presented in Table 5 below, were implemented by the Entity outside the procurement plan during the financial year 2024/25.

Table 5: Procurements implemented outside the procurement plan

No.	Subject of procurement	Amount (UGX)
1.	Extra works for renovation of main operation theatre	24,834,457
2.	Procurement of Oxygen cylinder heads	22,500,000
	Total	47,334,457

Implication

Executing procurements outside the approved procurement plan, undermined the overall procurement strategy and further exposed the Entity to the risk of domestic arrears.

Management response

Observation of the Audit Team is noted. However, renovation of theatre was a contract signed between Global Uganda and Hospital in form of support with a specific scope and the contractor was identified by the funder. However, during renovation, management, the board and Ministry of Health identified extra works that needed to be undertaken to ensure that theatre achieves the required standards. It was agreed that the hospital would finance the extra works. Based on the time required to hand over the theatre and the urgent need for operations to resume. It was resolved that the contractor already undertaking renovation continues the extra works which was approved by the Contract Committee and the procurement plan updated.

Authority's comment

The management response has been noted, however, the activity queried in line with the procurement of Oxygen Cylinder heads. When updating the procurement plan, all activities carried out should be input in the updated Entity's procurement plan.

Recommendations

1. The Head of the Procurement and Disposal Unit should desist from executing procurements outside the procurement plan in accordance with Section 60 (10) of the PPDA Act Cap. 205.
2. The Contracts Committee, should always ensure that all procurements submitted to the Contracts Committee for approval by the Procurement and Disposal Unit are in the Entity's approved procurement plan for a given financial year, in accordance with Section 30 (d) of the PPDA Act Cap. 205.
3. In the event that additional activities have to be implemented in the Entity, that was not in the approved procurement plan, the Procurement and Disposal Unit should always update the procurement plan with all the activities carried out and have it approved in accordance with Regulation 4 of the PPDA (Procurement Planning) Regulations, 2023 before the initiation of the procurement.

2.1.4 Failure to implement 75% of the PPDA audit recommendations for FY 2022/2023

Section 10 (1) (a & b) of the PPDA Act, Cap. 205: states:

“(1) Where there is persistent breach of this Act or regulations made, or guidelines issued, under this Act, the Authority may-

(a) direct the concerned procuring and disposing entity to take such corrective action, as may be necessary in the circumstances, to rectify the breach; or

(b) recommend to a competent authority-

(i) to suspend the officer responsible for the breach;

(ii) to replace the head of the procurement and disposal unit or the Chairperson of the contracts committee, as the case maybe; or

(iii) to discipline the accounting officer;

(iv) to transfer temporarily, the procuring and disposing function of a procuring and disposing entity to a third party procurement agency;”

The Authority found that out of the eight audit recommendations made in the FY 2022/2023; 2 (25%) were implemented, 2 (25%) were partially implemented and 4 (50%) were not implemented, as specified in Table 6 below. Partial implementation of the Authority's audit recommendations, subjects the Entity to actions specified as stated above.

Table 6: Partially implemented and unimplemented previous audit recommendations for FY 2022/2023

Audit Recommendation	Status of Implementation	Management response
<p>1. Failure by the Entity to include in its bidding document Environmental and Social requirements as required in Section 66 of the PPDA Act, Cap 205, and Regulation 34 (5), of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non- Consultancy Services), Regulation 2023, which affects efforts of the Government of Uganda in addressing global concerns on environment and social threats, associated with procurement related activities.</p>	<p>Not implemented</p>	<p><i>Observation of the Audit Team is noted. However, most of the activities implemented were majorly of Framework Contract nature. Management will continue to ensure that PDU includes in the bidding document Environmental and Social requirements as required in Section 66 of the PPDA Act, Cap 205.</i></p> <p>Authority's comment The Entity response has been noted; however, the Procurement and Disposal Unit should always see to it that ESHS requirements are included in the bidding documents as an evaluation criteria.</p>
<p>2. The Entity undertook four procurements outside the approved procurement plan, which was against the requirements of Section 58 (7) of the PPDA Act, 2003, and subsequently affects budget management and performance of the Entity.</p>	<p>Partially implemented</p>	<p><i>Observation of the Audit Team is noted. However, renovation of theatre was a contract signed between Global Uganda and Hospital in form of support with a specific scope and the contractor was identified by the funder. However, during renovation, management, the board and Ministry of Health identified extra works that needed to be undertaken to ensure that theatre achieves the required standards. It was agreed that the hospital would finance the extra works. Based on the time required to hand over theatre and the urgent need for operations to resume. It was</i></p>

Audit Recommendation	Status of Implementation	Management response
		<p><i>resolved that the contractor already undertaking renovation continues the extra works which was approved by the Contracts Committee and the procurement plan updated.</i></p> <p>Authority's comment The management response has been noted, however, the updated procurement plan provided as evidence was prepared for the renovation of the main operation theatre only and was not covering all the procurements of the Entity under taken during the FY 2024/25.</p>
<p>3. The Entity's Evaluation Committees failed to adhere to the evaluation criteria stated in the bidding document issued to bidders during bid evaluation, contrary to the requirements of Regulations 5 of the PPDA (Evaluation) Regulations, 2023. This practice negates the image of public procurement, leads to low bidder participation and discourages capable and reliable bidders from participating in public procurement, thereby affecting the quality of public service delivery</p>	<p>Not implemented</p>	<p><i>Observation of the Audit Team is noted. However, the Evaluation Committee adhered to the evaluation criteria stated in the bidding document issued to bidders during bid evaluation.</i></p> <p>Authority's comment The Entity's management response has been acknowledged, however, the non-adherence to the evaluation criteria has also been identified in the audit period under review; 2024/2025.</p>
<p>4. Signing contracts by the Accounting Officer above the estimated costs of the projects with providers. This subjected the entity to accumulating domestic arrears, and was against the requirements of Regulations 6 (1) (b) and (e) of the PPDA (Contracts) Regulations, 2023</p>	<p>Partially implemented</p>	<p><i>Observation of the Audit Team is noted and commit to improve on this.</i></p>
<p>5. Failure by the Entity to plan and cause for disposal of its assets due for disposal, violated the requirements of Section 58 (2) (e)</p>	<p>Not implemented</p>	<p><i>Observation of the Audit Team has been noted. However, Management has planned to dispose of the Obsolete assets</i></p>

Audit Recommendation	Status of Implementation	Management response
of the PPDA Act, Cap 205, and leaves the assets subject to further lose in value, due to depreciation and pilferage.		<p><i>and a board of survey has been carried out for the same.</i></p> <p>Authority's comment. The Entity's response has been noted, but no disposal was done in the FY 2023/24 and also no board of survey report prepared for the same period above.</p>
6. The Procurement and Disposal Unit's failure to have in place complete procurement files, indicated inefficiency in procurement records management and affects accountability. In addition, it violated the requirements of Section 41 (1a) of the PPDA Act, Cap 205, and as detailed in the PPDA guideline 10/2024 on procurement and disposal records to be kept by the Procuring and Disposing Entity.	Not implemented	<p><i>Observation of the Audit Team has been noted. However, complete procurement files are now available for verification.</i></p> <p>Authority's comment The Entity's management response has been acknowledged; however, the incompleteness of the procurement files has also been identified in the audit period under review; 2024/2025.</p>

Implication

Failure to implement the Authority's recommendations, hinders the Entity's ability to achieve effectiveness and efficiency in the procurement function and reduction in procurement risks thus escalating non-compliance in regard to the legal requirements of the public procurement processes.

Recommendation

The Accounting Officer should together with the concerned stakeholders in the Entity to whom the Authority's recommendations focus on such as, the Heads of User Departments and the Procurement and Disposal Unit, implement the Authority's recommendations to enhance the procurement function in the Entity and to avoid the consequences of the Authority's actions specified under Section 10 (1) (a & b) of the PPDA Act, Cap. 205.

2.1.5 Inadequacies at initiation of procurements

Regulations 3 (1) & (2) of the PPDA (Rules and Methods of Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires a Procuring and Disposing Entity to initiate procurements using an authorised PP Form 5 (Part I) with all the details as provided in the form. The Authority found that three procurements worth UGX. 58,854,457 implemented by the Entity had inadequacies at the initiation stage as detailed in Table 7 below.

Table 7: Procurements with inadequacies at initiation

No.	Subject of procurement	Contract Value (UGX)	Exception
1.	Assorted stationery.	11,520,000	Procurement conducted without procurement requisition form (Form 5 – Part I).
2.	Procurement of Oxygen cylinder heads.	22,500,000	Estimated value of the procurement not stated in the requisition form at initiation
3.	Additional works on renovation of the main operating theatre.	24,834,457	The Accounting Officer certified the availability of funds in Form 5 – Part I on May 10, 2025, before the user department initiated/signed the procurement requisition on May 12, 2025.
Total		58,854,457	

Implication

Initiation of procurements with incomplete and unauthorized procurement requisition, exposed the Entity to the risk of mis procurements by initiating procurements for which funds may not be available.

Management response

Observation of the Audit Team is noted. In additional works on renovation of the main operating theatre was in error and commit to improve on this.

Recommendation

1. The Head of the User Department should avoid submitting procurement requisitions that have not been approved by the Accounting Officer to the Procurement and Disposal Unit, so as to comply with the requirements under Regulation 3 (1) & (2), of the PPDA (Rules and Methods of Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
2. The Head of the Procurement and Disposal Unit should initiate procurements based on approved procurement requisitions by the Accounting Officer, in accordance with Regulation 3 (1) & (2), of the PPDA (Rules and Methods of Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.6 Irregularities in the bidding documents

Regulation 42 (a) & (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 states that: “A procuring and disposing entity shall, when preparing each bidding. document, ascertain that—
 (a) the statement of requirements defines the requirement precisely and in a manner that leaves no doubt or assumption by a bidder;
 (b) the evaluation criterion considers all the appropriate factors and that the method of application of these factors is clear.”

The Authority found in two procurements worth UGX. 11,818,100 that the bidding document issued to bidders by the Entity had omissions in the bidding requirements as summarized in Table 8 below.

Table 8: Procurements with bidding document omissions on the bidding requirements

No.	Subject of procurement	Contract Value (UGX)	Exceptions
1.	Cleaning of office inside	6,750,000	<ul style="list-style-type: none"> • Bid validity period was not defined Gaps noted under ITB 11.1(h) <ul style="list-style-type: none"> • Copy of the bidder's trading license was required without defining the period; • An original copy of income tax clearance certificate was required without specifying the tax period; • Audited books of accounts were required for the past two years without specifying the period. That is of the start and end period.
2.	Compound cleaning and garbage disposal	5,068,100	
Total		11,818,100	

Implications

Outlining unclear evaluation criteria in the bidding document circulated to potential bidders, negatively affects the quality of bids prepared by the bidders, the bid evaluation, hence affecting their competitiveness in the bidding process.

Management response

Observation of the Audit Team is noted. However, management will continuously endeavor to improve and ensure that the Procurement and Disposal Unit prepare bidding documents issued to bidders, with clearly defined bidding requirements.

Recommendations

The Head of the Procurement and Disposal Unit should always ensure that the bidding documents issued to bidders, clearly define the bidding requirements to enable bidders prepare competitive bids and also enable the Evaluation Committees evaluate bids uniformly without bias. This should be done in compliance with Regulation 42 (a) & (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.7 Deficiencies identified in the evaluation process

The Authority noted gaps below in the evaluation process of the Entity.

i. Inadequate assessment of bidders at evaluation of bids

Regulations 11 (1) of the PPDA (Evaluation) Regulations, 2023 states that: “*An Evaluation Committee shall undertake a post qualification evaluation before award decision, to confirm whether the best evaluated bidder has the capacity and the resources to effectively execute the procurement.*” The Authority found that in two procurements worth UGX. 31,666,000 the best evaluated bidders capacities were inadequately assessed during the evaluation process, as presented in Table 9 below.

Table 9: Procurements in which the Evaluation Committee failed to adequately assess the compliance of bidders

No.	Subject of procurement	Contract value (UGX)	Exceptions
1.	Cleaning of office inside	6,750,000	<ul style="list-style-type: none"> Idle provision noted in the evaluation criteria. Post qualification was provided for under item E as a requirement, but no post qualification was done on the provider, Almid Clean Services Ltd.
2.	Supply of medical equipment.	24,916,000	Passing of non-compliant bidders; <ul style="list-style-type: none"> The bidder J.F Healthcare and Solutions Ltd. lacked an income tax clearance certificate in their bid. However, the Evaluation Committee passed the bidder as compliant, and yet they should have failed at preliminary evaluation; and. In addition, the bid of Crown Healthcare (U) Limited had a copy of an income tax clearance certificate that was issued on July 10, 2025 after the bid submission deadline that was on June 5, 2025, creating a suspicion that it was smuggled in after bid submission deadline date.
	Total	31,666,000	

Implications

Failure to adequately assess the capacity of the best evaluated bidders during the evaluation process and conducting post qualification, exposed the Entity to the risk of contracting unreliable and incapable providers.

Management response

Observation of the Audit Team is noted. However, for the Supply of medical equipment, the bidder; J.F Healthcare and Solutions Ltd that lacked an income tax clearance certificate in their bid. Management will continue to ensure that Procurement and Disposal Unit and the Evaluation Committees adequately evaluate bids for compliance, including conducting post qualification where applicable, in accordance with the Regulations.

Authority's comment

The Entity's response was noted, however, the Entity did not provide management response on the audit query related to lack of review of the evaluation report for accuracy by the Head of the Procurement and Disposal Unit.

Recommendation

The Head of Procurement and Disposal Unit should always guide the Evaluation Committees to adequately evaluate bids for compliance, including conducting post qualification where applicable, in accordance with Regulations 11 (1) & (2) of the PPDA (Evaluation) Regulations, 2023.

ii. **New evaluation criteria introduced at bid evaluation**

Regulations 5 (1) & (2), of the PPDA (Evaluation) Regulations, 2023 states that:

(1) The evaluation of bids shall be conducted in accordance with the evaluation criteria specified in the bidding documents.

(2) An Evaluation Committee shall not, during an evaluation, make any amendment including any addition to the evaluation criteria stated in the bidding document, and shall not use any other criteria other than the criteria specified in the bidding document.

The Authority found in the procurement for the supply of assorted medical equipment worth UGX. 24,916,000 that the Evaluation Committee introduced new evaluation criteria that was not in the bidding document that was issued to bidders, to evaluate bids, contrary to Regulations 5 (1) & (2), of the PPDA (Evaluation) Regulations, 2023. The details of the procurement are in Table 10 below.

Table 10: Procurements where the evaluation criteria changed during the evaluation

No.	Subject of procurement	Contract value (UGX)	Exceptions
1.	Supply of assorted medical equipment	24,916,000	<ul style="list-style-type: none"> • Apart from the original evaluation criteria like need for; tax clearance certificate, valid trading licence, the Power of Attorney, etc. the Evaluation Committee also introduced the following new evaluation criteria during the evaluation exercise; <ul style="list-style-type: none"> - National Drug Authority premises' suitability certificate. This requirement, hence was not appropriate to the procurement of medical equipment; - Completed price schedule; - Complete and correct bid submission sheet; - Acceptance to the terms and conditions of the proposed contract; - Copy of Memorandum and Articles of Association or partnership deed highlighting the clause that the bidder was registered for the kind of business(es) being applied for; • Practicing certificate issued by the National Pharmaceutical Practitioners' body for the qualified pharmacists with at least a diploma in pharmacy from a recognized institution of higher learning who must be a bidder's technical staff. In addition, the above requirement was applicable to dealers in pharmaceutical products and not medical equipment.
	Total	24,916,000	

Implication

Introduction of new evaluation criteria during the evaluation process, compromised the integrity of the evaluation process and subjected the evaluation outcome to unfairness which breeds discontent among unsuccessful bidders, hence damaging the image of public procurement.

Management response

Observation of the Audit Team is noted. The Evaluation was executed in accordance to the criteria in the Bid Document. Management will continuously endeavor to improve and ensure that evaluation of bids in the Entity are executed in adherence to the evaluation criteria stated in the bidding documents issued to bidders as required in the PPDA Regulations.

Recommendations

The Evaluation Committee, should always evaluate bids based on the evaluation criteria specified in the bidding document issued to bidders, without any deviation so as to achieve equitable assessment of bidders, that will enable the Entity identify and select reliable and capable bidders who will be able to successful execute its procurements.

2.1.8 Inefficiencies in contracting providers

The omissions below were identified by the Authority in the contracting process of the Entity.

i. Inadequacies noted at contract award

Regulation 7 of the PPDA (PDE) Regulations, 2023 states that; “*The Contracts Committee shall within ten working days, issue a decision on any matter or request submitted to it by the Procurement and Disposal Unit.*” The Authority found in the procurement of cleaning of office inside worth UGX. 6,750,000; that the contract had the inadequacies presented in Table 11 below at contracting process.

Table 11: Procurements with inadequacies in contract award

No.	Subject of procurement	Contract value (UGX)	Exceptions
1.	Cleaning of office inside	6,750,000	<ul style="list-style-type: none">• There was a discrepancy in the contract award date of the Contracts Committee. The Contracts Committee minutes on file were dated 13th October, 2023, however, the framework contract dated 21st December, 2023, stated that the contract award date was 30th June 2023, causing a discrepancy in the contract award date, in the above contractual documents.• Contract agreement lacked date when it was prepared, thus it was recorded as; <i>This agreement is made on... Dec 2023 and signed for 36 months</i> without stating the date when the agreement was prepared.
	Total	6,750,000	

Implications

- The discrepancy in the contract award date of the Contracts Committee created uncertainty on the actual contract award date of the framework contract for the cleaning services.
- Failure to include the date upon which a contract agreement was prepared, affected the definite contract period of the agreement, because actual contract start date remained uncertain in the contract agreement.

Management response

Authority's comment

No management responses were provided for the above audit queries.

Recommendations

The Head of the Procurement and Disposal Unit should always crosscheck that:

1. The contract award date of the Contracts Committee is cited accurately, to avoid discrediting the award process of the Committee and negating the pronouncements of Regulation 7 of the PPDA (PDE) Regulations, 2023 and Regulation 2 (2) of the PPDA (Contracts) Regulations, 2023.
2. The completeness in the contract date by including the date upon which a contract agreement is prepared, should be in accordance with the requirements under Regulation 9 (2) of the PPDA (Contracts) Regulations, 2023 that provides for inclusion of the date in which the contract is prepared.

ii. Initiation of payment of a provider without a signed contract

Regulations 49 (1) & (3) of the PPDA (Contracts) Regulations, 2023 states that; *"The payment for any sum of money due under a contract shall only be made in the name of the provider stated in the contract."* In the procurement for supply of medical equipment worth UGX. 24,916,000 the Authority found that the Entity initiated payment to the supplier; Axis Medicare (EA) Ltd before the contract was signed. The payment of UGX. 24,916,000 was initiated on 22nd June, 2025 and the contract was signed on 23rd June, 2025; contrary to the above requirements.

Implication

Initiating payment to the supplier, Axis Medicare (EA) Ltd., without a signed contract, was a procedural overlap and an indicator of retrospective approvals under taken by the Entity.

Management Response

Observation of the Audit Team is noted. However, this was an initiation for payment on the IFMS System and not real initiation of the procurement process on Procurement form 5. A System LPO was initiated after contract signing for payment processing.

Authority's comment.

The management response was noted, but did not address the audit concern of initiating supplier payment without a signed contract or before signing a contract. Accordingly, the IFMS payment should be initiated for providers with signed contracts with the Entity. Thus, in the forementioned case, payment was initiated on 22nd June, 2025 and the contract was signed on 23rd June, 2025.

Recommendation

The Head of User Departments should desist from initiation of payments for providers who have no signed contracts with the Entity. The forementioned, should be done in compliance with Regulations 49 (1), (2) & (3) of the PPDA (Contracts) Regulations, 2023.

iii. Contract signed at higher price

Regulation 6 (1) (b) of the PPDA (Contracts) Regulations, 2023, states: “A Procuring and Disposing Entity shall not issue a contract, purchase order, or other communication in any form, conveying acceptance of a bid that binds a Procuring and Disposing Entity to a contract with a provider, except where the Accounting Officer confirms that the contract price is not higher than the market price established prior to the commencement of the procurement process. The Authority found that the contract of the additional works for the renovation of the main operating theatre was signed at UGX. 24,834,457 a higher price than the contract award price of the Contracts Committee, contrary to the requirements of Section 28 (1) (l) of the PPDA Act, Cap. 205. See the details in Table 12 below.

Table 12: Contracts signed at higher prices

No.	Subject of procurement	Amount (UGX)	Exception
1.	Additional works on renovation of the main operating theatre.	24,834,457	The contract with the contractor; Bajovic Engineering and General Supplies Limited was signed at UGX. 24,834,457 but the contract was awarded by the Contracts Committee at UGX. 24,310,400 causing a cost increment of UGX. 524,057.
	Total	24,834,457	

Implication

Signing contracts with bidders at higher prices than the contract award price, exposed the Entity to the risk of getting into domestic arrears, due to budget deficit and inability to pay for the extra cost in the project.

Management response

Observation of the Audit Team is noted. However, the contract signed with the contractor was UGX. 24,834,457 which was awarded by the Contracts Committee. Copy of contract award and System LPO is attached as evidence.

Authority’s comment.

The management response has been noted, but it did not address the audit concern of signing a contract with bidder at higher price of UGX. 24,834,457 and the contract was awarded by the Contracts Committee at UGX. 24,310,400 causing a cost increment of UGX. 524,057.

Recommendations

The Accounting Officer should always sign contracts with the best evaluated bidders within the contract award price, so as to avoid escalation of project implementation cost in the Entity. This should be done in accordance with Regulations 6 (1) (b & e), 7 (1) and 8 (1) of the PPDA (Contracts) Regulations, 2023.

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

Contract management plays a pivotal role in the realization of project objectives. The Authority, however, found the following gaps in the implementation of the contracts in the Entity.

2.2.1 Inefficient contract management

Part V of the PPDA (Contracts) Regulations, 2023 provides guidance on contract management under Regulation 50 (1) that mandates the Accounting Officer to appoint a person from the user department to be the contract manager. In regard to the above, Regulation 51 (1) states that; “a user department shall nominate, a member of the user department, with appropriate skills and experience, or a person who is supervised by a member of the user department who has the appropriate skills and experience, to be appointed as contract manager. Accordingly, Regulation 52 defines the responsibilities of a contract manager and a contract manager shall—

(a) manage the obligations and duties of the procuring and disposing entity specified in the contract; and

(b) make certain that the provider performs the contract in accordance with the terms and conditions specified in the contract.”

The Authority found that in five procurements worth UGX. 80,284,457 the Entity had inadequacies in contract management such as; contract managers not being appointed and contract management plans not being prepared among others. The details of the procurements are as in Table 13.

Table 13: Contracts with inadequacies in contract management

No .	Subject of procurement	Amount (UGX)	Exception
1.	Assorted stationery	11,520,000	<ul style="list-style-type: none"> A contract manager was not appointed by the Accounting Officer. There was no contract management plan for the procurement.
2.	Supply of equipment and spare parts.	28,180,000	<ul style="list-style-type: none"> The of payment of UGX.14,880,200 under EFT No.17459343 to the supplier; Leoro Med Supply and Services Ltd, had no payment acknowledgement receipt. Internal Audit did not verify the payment of UGX. 14,880,200.
3.	Procurement of sugar for G2G	9,000,000	<ul style="list-style-type: none"> There was no contract management plan and reports for the procurement. Internal Audit did not verify the payment of UGX. 9,000,000 to Green Tag Services Ltd. under EFT No.15827974.
4.	Cleaning of office inside.	6,750,000	

No	Subject of procurement	Amount (UGX)	Exception
			<ul style="list-style-type: none"> • There was no contract manager appointed for the cleaning services thus no contract management plan and report for the contract. • Inspections and tests were to be done by Lira RRH represented by the Hospital House Keeper / Hospital Administrator's office, however, there was no proof that inspections and tests were done. • Internal Audit did not verify payment of UGX. 6,345,000 to Almid Clean Services Ltd. under EFT No.16255526.
5.	Additional works on renovation of the main operating theatre.	24,834,457	<ul style="list-style-type: none"> • Payment was made to the contractor; Bajovic Engineering and General Supplies Limited without an interim certificate prepared by the Contract Manager. • The contractor was paid in advance, though the contractor did not provide an advance payment guarantee. • The Contract Manager failed to prepare a contract management plan for the project. • Additionally, there was no practical completion certificate prepared and issued for project.
	Total	80,284,457	

Implications

- Failure by the Internal Audit to audit the procurements processes in the Entity and payments to the providers, amounted to a regulatory non-compliance to the role of internal audit that left a gap for fraud in the procurement process.
- Failure by the Accounting Officer to appoint Contract Managers, exposed the Entity to the risk of poor contract implementation and supervision that grossly affects the successful achievement of the intended objectives of the projects.
- Failure by the Contracts Managers to prepare; contract management plans and reports, showed inadequacy in the contract administration.

Management response

Observation of the Audit Team is noted. However, this was payment for the extra works and did not require an advance payment basing on the prepared certificate of completion attached as evidence. A contract management plan for the project was prepared by the Contract Manager using Form 49. Management will continuously endeavor to ensure that internal audit progressively audit the procurement process and that Contract Managers are appointed to supervise projects and also prepare contract management plans.

Authority's comment

The response provided by the Entity has been acknowledged, however, the contract management plan provided as evidence was for the supply of assorted medical equipment which was not queried by the auditors.

Recommendations

The Accounting Officer should task the:

1. Internal audit team to progressively audit the procurement process to enhance the achievement of efficient procurement system in the Entity, in compliance with Regulation 27 of the PPDA (PDE) Regulations, 2023.
2. Contract Managers are appointed to supervise projects implemented by the Entity, in compliance with Regulations, 50 (1) and 51(1) of the PPDA (Contracts) Regulations, 2023, so as to achieve the objectives of the procurements; and
3. Contract Managers for the various projects prepare contract management plans and reports to provide accountability of the project implementation process and effective monitoring, as required under Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023.

2.2.2 Non-compliance with Environment and Social (ES) requirements by the Entity

Section 66 of PPDA Act, 205 states; *A procuring and disposing entity shall for each procurement take into account environmental protection, social inclusion and stimulating innovation.* The Authority found that the Entity did not enforce Environmental and Social requirements in the contract for the extra works for renovation of main operation theatre worth UGX. 24,834,457 for there was no ESHS report for the project.

Implication

Failure by the Contract Manager to prepare ESHS compliance report for the project showed that ESHS requirements and mitigation measures were undermined during the project implementation.

Management response

Observation of the Audit Team is noted. However, renovation of theatre was a contract signed between Seed Global Uganda and the Ministry of Health on behalf of the Hospital in form of support with a specific scope and the contractor was identified by the funder, the ESHS requirements and mitigation measures were imbedded in the main contract.

Authority's comment

No evidence provided by the Entity to support the above response.

Recommendation

The Accounting Officer should always task the Contract Managers to ensure that projects implemented in the Entity, ESHS requirements are adhered to and monitored closely by the Contract Managers with necessary reports prepared from the planning stage to project completion, in compliance with Section 66 of PPDA Act, 205.

2.2.3 Failure to have complete procurement and disposal files in the Entity.

Section 33 (o) of the PPDA Act, Cap. 205 states that: *"A procurement and disposal unit shall maintain and archive records of the procurement and disposal process."* In six procurements worth UGX. 85,352,557 the Authority found that the Procurement and Disposal Unit failed to maintain a complete and comprehensive file for each procurement, as presented in Table 14 below.

Table 14: Procurements with incompletes files.

No.	Subject of procurement	Amount (UGX)	Exception
1.	Assorted stationery	11,520,000	<ul style="list-style-type: none"> The file lacked form 5. No contract manager appointment letter No contract management plan.
2.	Supply of equipment and spare parts	28,180,000	<ul style="list-style-type: none"> The file lacked form 5. No contract manager appointment letter No contract management plan. The payment of UGX. 14,880,200 to the supplier, Leoro-Med Supply and Services Ltd. had no payment acknowledgement receipt.
3.	Procurement of sugar for G2G	9,000,000	<ul style="list-style-type: none"> No contract management plan. No receipt for acknowledgement of payment of UGX. 8,460,000 from the provider, Green Tag Services Ltd.
4.	Cleaning of office inside	6,750,000	<ul style="list-style-type: none"> No contract management reports No contract manager appointment letter. No receipt for acknowledgement of payment of UGX. 6,345,000 from the provider, Almid Clean Services Ltd.
5.	Compound cleaning and garbage disposal	5,068,100	<ul style="list-style-type: none"> No reports of services done. No contract managers appointment letter. No contract management plan.
6.	Extra works for renovation of main operation theatre	24,834,457	<ul style="list-style-type: none"> No contract management plan. No progress reports. No ESHS compliance report.
	Total	85,352,557	

Implication

Failure by the Procurement and Disposal Unit to have in place complete procurement files, showed inadequacy in record keeping in the Unit that affects proper accountability for the procurement activities in the Entity.

Management response

Observation of the Audit Team is noted. However, these were procurements under framework contracts and records are available for verification.

Authority's comment

The response is noted; however, it does not address the audit concern on the incompleteness of the procurement files in the Entity. A complete procurement file should have in it all the records and correspondence related to a procurement.

Recommendation

The Head Procurement and Disposal Unit should always maintain complete procurement files for all the procurements executed in the Entity during a financial year in accordance with Section 33 (o) of the PPDA Act Cap. 205.

2.3 COMPLIANCE OF THE ENTITY'S DISPOSAL PROCESSES TO THE PPDA ACT, REGULATIONS AND GUIDELINES

2.3.1 Failure to plan and dispose assets during the financial year 2024/25

Regulation 2 (1) of the PPDA (Disposal of Public Assets) Regulations, 2023 mandates the Accounting Officer to plan and dispose assets that are due for disposal. During the audit the Authority found that:

1. There was no Board of Survey report for the financial year 2023/24 and there was no proof that the Entity constituted a Board of Survey to review the Entity's assets due for disposal. The above failures were in contravention to the requirements of Regulation 2 (1) & (2) of the PPDA (Disposal) Regulations, 2023.
2. The Entity had no approved disposal plan for the FY 2024/2025 and did not dispose assets during the financial year, although there were assets that were due for disposal, as detailed in Appendix 2. This was contrary to the requirements of Section 60 (1) & (2) of the PPDA Act, Cap.205.
3. On physical verification of the Entity's assets, the Auditors views are that the Entity had assets that were due for disposal as presented in Appendix 4.

Implication

Failure by the Entity to dispose obsolete assets, expose the assets to further loss of market value through depreciation for depreciable assets and a public health hazard for the medical equipment and their related accessories.

Management response

Observation of the Audit Team is noted. Management has now put in place a disposal plan and will endeavour to make sure PDU together with the Heads of the User Departments, on an annual basis prepare a disposal plan for the Entity and that all the medical consumables are safely disposed in compliance with Regulation 2 of the PPDA (Disposal) Regulations, 2023.

Recommendations

The Accounting Officer should:

1. Task the Procurement and Disposal Unit to safely dispose all the medical consumables in compliance with Regulation 2 of the PPDA (Disposal) Regulations, 2023 to protect the public from the risks associated with unsafe disposal of medical products; and
2. The Head Procurement and Disposal Unit together with the Heads of the User Departments, on an annual basis should prepare a disposal plan for the Entity as required under Regulations 2 of the PPDA (Disposal) Regulations, 2023 and a copy submitted to the Authority.

CHAPTER 3: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

3.1 Overall compliance inspection conclusion

The performance of Lira Regional Referral Hospital for the financial year 2024/25 was **moderately satisfactory** with an overall weighted average risk rating of **59.51%**.

Table 15: The risk rating is as follows

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

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 16: Summary of performance of Lira Regional Referral Hospital.

Risk Rating	No	% By No.	Weight	Weighted score by No.	Value (UGX)	% Value	Weight	Weighted score by value
High	2	25%	0.6	15.00%	47,334,457	35.65%	0.6	21.39%
Medium	4	50%	0.3	15.00%	73,616,000	55.45%	0.3	16.63%
Low	2	25%	0.1	2.50%	11,818,100	8.90%	0.1	0.89%
Total	8	100%		32.50%	132,768,557	100%		38.91%

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score} \times 100}{60} = \frac{32.50 \times 100}{60} = 54.17\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score} \times 100}{60} = \frac{38.91 \times 100}{60} = 64.86\%$$

$$\text{The average weighted risk rating} = \frac{54.1\% + 64.86\%}{2} = 59.51\%$$

Figure 1: Risk rating by number

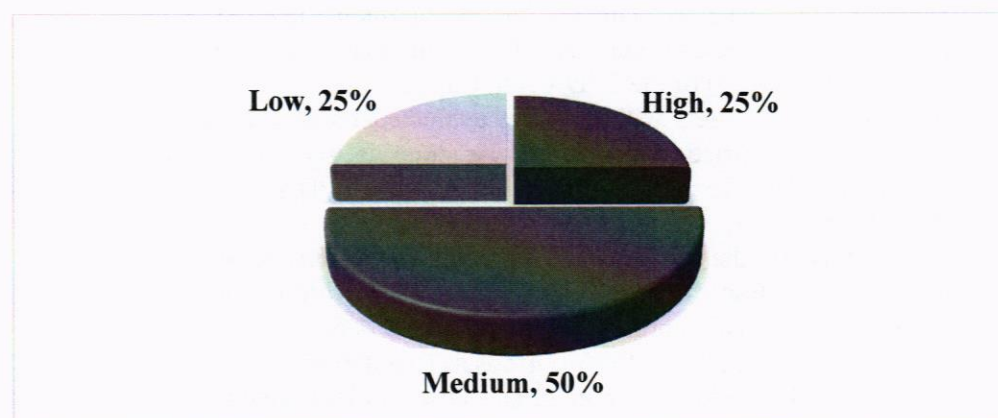
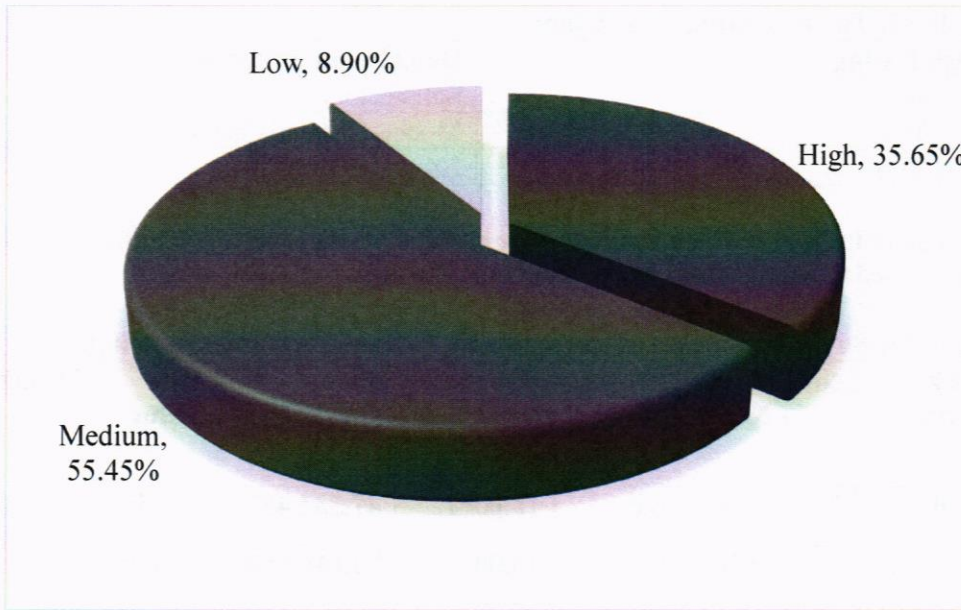


Figure 2: Risk rating by value



Recommended action plan

Lira Regional Referral Hospital should implement the following recommendations within the timeframe given to improve its performance in accordance with Section 10 (1) (a) of the PPDA Act, Cap.205.

Table 17: Recommended action plan

Recommendation	Action Date
<p>I. The Accounting Officer should:</p> <ul style="list-style-type: none"> i. Enforce implementation of the Authority’s audit recommendations by the concerned stakeholders in the Entity such as; Contracts Committee, the Heads of User Departments and the Procurement and Disposal Unit. This will enhance the procurement function in the Entity and avoid the consequences of the Authority’s action specified under Section 10 (1) of the PPDA Act, Cap. 205; ii. Always sign contracts with the best evaluated bidders within the contract award price. This should be done in accordance with Regulations 6 (1) (b & e), 7 (1) and 8 (1) of the PPDA (Contracts) Regulations, 2023; iii. Ensure that all the medical consumables are safely disposed to protect the public from the risks associated with uncontrolled disposal of medical products. This should be done in compliance with Regulation 2 of the PPDA (Disposal) Regulations, 2023; iv. Ensure that the Head Procurement and Disposal Unit together with the Heads of User Departments, on an annual basis prepare disposal plan for the Entity as required under Regulations 2 of the PPDA (Disposal) Regulations, 2023 and a copy submitted to the Authority; v. Ensure that the internal audit team progressively audits the procurement process to enhance the efficient procurement system in the Entity, in compliance with Regulation 27 of the PPDA (PDE) Regulations, 2023; vi. Appoint Contract Managers to supervise projects implemented by the Entity, in compliance with Regulations, 50 (1) and 51(1) of the 	<p>During the financial year</p>

Recommendation	Action Date
<p>PPDA (Contracts) Regulations, 2023, so as to achieve the objectives of the procurements;</p> <p>vii. Task Contract Managers to prepare contract management plans and reports to provide accountability of the project implementation process and effective monitoring, as required in Regulations 50 (3) of the PPDA (Contracts) Regulations, 2023; and</p> <p>viii. Task the Contract Managers to ensure that projects implemented in the Entity, ESHS requirements are adhered to and monitored closely, with necessary reports prepared from the planning stage to completion, in compliance with Section 66 of PPDA Act, 205.</p>	
<p>2. Contracts Committee should only consider submissions by the Procurement and Disposal Unit that are in the Entity's approved procurement plan for a given financial year, in accordance with Section 30 (d) of the PPDA Act Cap. 205.</p>	<p>Whenever submissions are made to the Committee during the financial year</p>
<p>3. The Head of the Procurement and Disposal Unit should:</p> <p>vii. Avoid executing procurements outside the procurement plan in accordance with Section 60 (10) of the PPDA Act Cap. 205 and where necessary update the procurement plan and have it approved in accordance with Regulation 4 of the PPDA (Procurement Planning) Regulations, 2023;</p> <p>viii. Initiate procurements based on approved procurement requisitions by the Accounting Officer, in accordance with Regulation 3 (1) & (2), of the PPDA (Rules and Methods of Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;</p> <p>ix. Always ensure that the bidding documents issued to bidders, clearly define the bidding requirements to enable bidders prepare competitive bids and also enable the Evaluation Committees evaluate bids uniformly without bias. This should be done in compliance with Regulation 42 (a) & (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;</p> <p>x. Ensure that a member of the Contracts Committee or User Department witnesses the bid opening process, in compliance with Regulation 69 (6) & (7) or 75 (1) of the PPDA (Rule and Methods for Procurement of Supplies, works and Non-Consultancy Services) Regulations, 2023;</p> <p>xi. Always guide the Evaluation Committees to adequately evaluate bids for compliance, including conducting post qualification where applicable, in accordance with Regulations 11 (1) & (2) of the PPDA (Evaluation) Regulations, 2023;</p> <p>xii. Review the evaluation reports for accuracy in compliance with Regulation 12 (4) of the PPDA (Evaluation) Regulations, 2023 in order to protect the Entity from contracting incapable providers;</p> <p>xiii. Ensure that evaluation of bids in the Entity are executed in adherence to the evaluation criteria stated in the bidding</p>	<p>Whenever a procurement / disposal request is submitted to the Unit during the financial year.</p>

Recommendation	Action Date
<p>documents issued to bidders, as required in Regulations 5 (1) & (2), of the PPDA (Evaluation) Regulations, 2023; and</p> <p>xiv. Always maintain complete procurement files for all the procurements executed in the Entity during a financial year in accordance with Section 33 (o) of the PPDA Act Cap. 205.</p>	
<p>4. The Head of User Departments should avoid:</p> <p>iii. Initiating payments for providers who have no signed contracts with the Entity. The forementioned, should be done in compliance with Regulations 49 (1), (2) & (3) of the PPDA (Contracts) Regulations, 2023; and</p> <p>iv. Submitting to the Procurement and Disposal Unit procurement requisitions that have not been approved by the Accounting Officer, so as to comply with the requirements under Regulation 3 (1) & (2), of the PPDA (Rules and Methods of Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;</p>	<p>When preparing the procurement requisitions and requests for payments.</p>
<p>5. The Evaluation Committee should always evaluate bids based on the evaluation criteria specified in the bidding document issued to bidders, without any deviation so as to achieve equitable assessment of bidders, that will enable the Entity identify and select reliable and capable bidders who will be able to successful execute its procurements.</p>	<p>During the evaluation exercise.</p>

Appendix 1: Sampled audited procurement files for FY 2023/24 with their risk rating

No.	Reference no.	Subject of Procurement	Method of procurement	Provider	Amount (UGX)	Risk Rating
1.	LRRH/WRKS/24-25/000HY02	Extra works for renovation of main operation theatre	Request for Quotation	BAJOVIC ENG. GENERAL SUPPLIES	24,834,457	High
2.	LRRH/SUPLS/24-25/00063	Supply of assorted medical equipment	Request for Quotation	Axis Medicare (EA) Ltd	24,916,000	Medium
3.	LRRH/SUPLS/24-25/00106/107	Supply of equipment and spare parts	Open Domestic Bidding	Leoro Med Supply and Services Ltd	28,180,000	Medium
4.	LRRH/SUPLS/24-25/00108	Procurement of Oxygen Cylinder Heads	Open Domestic Bidding	Leoro Med Supply and Services Ltd	22,500,000	High
5.	LRRH/SRVS/24-25/00001	Cleaning of office inside	Open Domestic Bidding	Almid Clean Services Ltd	6,750,000	Low
6.	LRRH/SRVS/24-25/00001	Compound cleaning and garbage disposal	Open Domestic Bidding	Almid Clean Services Ltd	5,068,100	Low
7.	LRR/SUPLS/2024/2025/00087	Procurement of sugar for G2G	Open Domestic Bidding	Green Tag Services Ltd	9,000,000	Medium
8.	LRR/SUPLS/2024/2025/00114	Supply of assorted stationery for G2G	Open Domestic Bidding	Uriton events Co.SMC Ltd	11,520,000	Medium
	Total				132,768,557	

Appendix 2: Summary of case-by-case findings and risk rating

No	Contract Description	Reason for high risk
1.	Oxygen cylinder heads	<ul style="list-style-type: none"> • Procured outside the procurement plan. • Estimated value of the procurement not stated in the requisition at initiation. • In the bid opening processes, Form 12 dated 28th August, 2023 was not signed by either a representative of the Contracts Committee or User Department.
2.	Extra works for renovation of main operation theatre	<ul style="list-style-type: none"> • Procured outside the procurement plan. • The Accounting Officer certified the availability of funds in Form 5 – Part I on May 10, 2025, before the user department initiated/signed the procurement requisition on May 12, 2025. • The contractor was paid in advance without provision of an advance payment guarantee. • The Contract Manager failed to prepare a contract management plan for the project.
	Contract Description	Reason for medium risk
3.	Supply of equipment and spare parts	<ul style="list-style-type: none"> • Bid opening not witnessed by the Contracts Committee or User Department • Passing of non-compliant bidders
4.	Assorted stationery	<ul style="list-style-type: none"> • Bid opening not witnessed by the Contracts Committee or User Department. • A contract manager was not appointed by the Accounting Officer. • There was no contract management plan for the procurement.
5.	Procurement of sugar for G2G	<ul style="list-style-type: none"> • Bid opening not witnessed by the Contracts Committee or User Department. • There was no contract management plan and reports for the procurement.
6.	Cleaning of office inside	<ul style="list-style-type: none"> • Post qualification was provided for under item E as a requirement, but no post qualification was done on the provider, Almid Clean Services Ltd. • There was no contract management plan and reports for the project. • There was no contract manager appointed for the cleaning services.
7.	Supply of assorted medical equipment	<ul style="list-style-type: none"> • New evaluation criteria introduced at bid evaluation. • Initiation of payment of a provider without a contract.
	Contract Description	Reason for low risk
8.	Compound cleaning and garbage disposal	<ul style="list-style-type: none"> • Bid validity period was not defined <p>Gaps noted under ITB 11.1(h)</p> <ul style="list-style-type: none"> • Copy of the bidder's trading license was required without defining the period;

	<ul style="list-style-type: none"> • An original copy of the income tax clearance certificate was required without specifying the tax period; • Audited books of accounts were required for the past two years without specifying the period. That is of the start and end period;
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Appendix 3: Risk rating criteria

Risk	Description
High	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".
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.
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 practice. 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.
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.

Appendix 4: List of assets due for disposal.



Unused medical equipment exposed to deterioration.



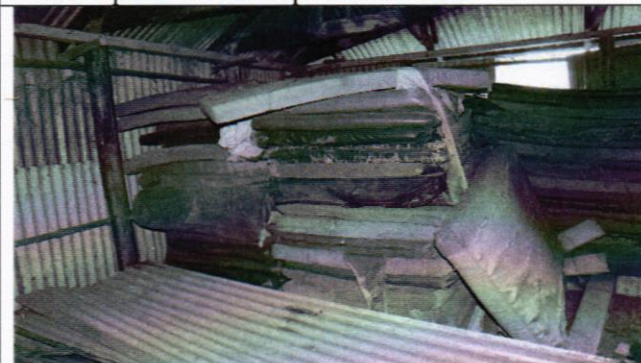
Assorted medical consumables exposed waste.



Unused patient beds exposed as waste



Assorted office furniture exposed as waste



Unused hospital mattresses and iron sheet exposed as waste.



An assortment of tumpline, office shelves, etc., exposed as waste.

Source: Field photograph 2025.