



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

**PROCUREMENT AND DISPOSAL AUDIT REPORT FOR FINANCIAL YEAR
2024/25**

MBALE REGIONAL REFERRAL HOSPITAL

MARCH 2026

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ACRONYMS

AO	Accounting Officer
BEB	Best Evaluated Bidder
CC	Contracts Committee
CIPS	Chartered Institute of Procurement and Supply
EC	Evaluation Committee
FY	Financial Year
G2G	Government to Government
LPO	Local Purchase Order
LTD	Limited
MBA	Masters in Business Administration
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
SOR	Statement of requirements
UGX	Uganda Shillings

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a procurement and disposal audit of Mbale Regional Referral Hospital that covered a representative sample of 17 procurement transactions worth UGX 614,638,365 under the Financial Year 2024/25.

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

From the findings of the procurement and disposal audit exercise, the performance of Mbale Regional Referral Hospital for the Financial Year 2023/24 was **unsatisfactory** with a weighted average risk rating of **82%** as detailed in Chapter 3 of the report.

The unsatisfactory performance was due to the following issues:

- 1. Failure to fully implement previous audit recommendations.** In contravention of Section 10 (1) (a) of the PPDA Act, Cap. 205, which obliges Entities to take corrective action on the recommendations issued by the Authority, it was observed that the Entity had not fully implemented 71% the recommendations from the Financial Year 2022/2023 audit report issued on 30th December 2024;
- 2. Low Procurement Plan Implementation rate:** Section 60 (7) of the PPDA Act, Cap. 205 requires an Entity on a quarterly basis and in any other case, whenever necessary, review and update its procurement plan. Assessment of the procurement plan and utilization of funds revealed that the procurement plan implementation rate of the Entity for the Financial Year 2024/25 was 34%. Whereas, the Entity planned to spend UGX 2,444,524,000 on procurement, the Authority noted that the Entity carried out procurements worth UGX 836,204,470 (34%) creating an implementation variance of UGX 1,608,319,530 (66%). Low procurement plan implementation rate is a red flag for low absorption capacity by the Entity which may increase the risk of budget cuts being suffered by the Entity due to non-performance and denies delivery of services to the intended beneficiaries;
- 3. Failure to reserve procurements for Women, Youth and PWDs:** PPDA Guideline 11 of 2024, Section 2.1 (i), mandates Procuring and Disposing Entities to allocate a minimum of 15% of their annual procurement plan budgets to special interest groups, i.e Women, Youth and Persons with Disabilities. The audit revealed that the procurement plan was developed without incorporating provisions to reserve the mandatory portion of the procurement budget to these groups. Failure to include these special interest groups frustrates efforts by the Government of Uganda aimed at increasing participation of special interest groups in public procurement;
- 4. Procuring outside the procurement plan:** Section 60 (10) states that a procurement shall not be carried out outside the procurement plan except in emergency situations. Three procurement transactions totaling to UGX 79,772,834 were conducted outside the approved procurement plan. Unplanned procurements may lead to creation of domestic arrears and encroachment on budgets for already planned procurements;

5. **Delayed submission of monthly reports:** Regulation 15 of the PPDA (Procuring and Disposing Entities) Regulations, 2023 requires a Procuring and Disposing Entity for each month, to submit to the Authority by the fifteenth day of the following month, a report on the procurement activities undertaken by the Procuring and Disposing Entity in the month. The Authority found that the Entity delayed to submit six monthly reports for July 2024, August 2024, September 2024, October 2024, November 2024, March 2025. The reports were submitted to the Authority on 13th January 2026. This shows lack of transparency and accountability in the conduct of public procurement which negatively affects the audit trail;
6. **Issuance of call off orders against expired framework contracts:** Regulation 55 (1) of the PPDA (Contracts) Regulations, 2023 states that the contracts for supplies or non-consultancy services specified in Schedule 3 that expire may be renewed. Some of the contracts include medical supplies and maintenance of buildings, fixtures and furnishings of buildings among others. In two procurements worth UGX 186,819,871, call off orders were issued against framework contracts that had expired on 3rd November 2024 and had not been renewed. Engagement of providers against expired contracts denies the Entity of contractual protection that may arise from non-performance or under performance of providers;
7. **Inadequately drafted bidding documents:** Contrary to Regulations 42, 43, 44 and 45 of the of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023, the Authority found that there were weaknesses and inadequacies in the bidding documents for two procurements worth UGX 158,588,000. This may lead to bidders misunderstanding the Entity's requirements and thereafter submitting non-responsive bids, it may confuse bidders and lead to low bidder participation;
8. **Irregular request for a bid security:** Regulation 63 (9) (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 states that *'a procuring and disposing entity shall require a bid securing declaration where the restricted domestic bidding and quotation procurement methods are used.'* The Authority found that the Entity irregularly requested for a bid security for the procurement of security services valued at UGX 53,808,000. Specifically, a bid security of UGX 4,000,000 was requested under ITB 19.2, despite the fact that the estimated value did not qualify for either open domestic or international bidding methods that warrant a bid security. Also, the bid security amount was 7.4% of the estimated procurement value, which exceeded the maximum of one percent stipulated under Guideline 4/2025 of the Bid and Performance Security Guidelines. This may deter participation from small and emerging firms that lack sufficient financial resources or access to credit facilities, undermines the principle of competition and may potentially lead to low bidder participation;
9. **Poorly drafted contracts:** Regulation 9 (1) of the PPDA (Contracts) Regulations 2023 requires Entities to draft contracts that clearly identify the obligations of each party. The Authority found that the Entity poorly drafted two contracts worth UGX 179,808,000. There were deficiencies in some contracts which included lack of special conditions of contract making it difficult to ascertain the contractual duration, the payment schedule, payment period among others. This may result into unnecessary conflicts between the service provider and the Entity, which may ultimately lead to litigation;

10. **Insufficient period for display of the Best Evaluated Bidder Notice:** Regulation 3 (1) of the PPDA (Contracts) Regulations, 2023 requires a Procurement and Disposing Entity to display a notice of best evaluated bidder on the notice board of the procuring and disposing entity for ten working days. The Authority found that in two procurements worth UGX 113,780,000, the Entity provided insufficient period for the display of the Best Evaluated Bidders. This may deny the bidders opportunity to lodge Administrative Reviews in the event that they are dissatisfied with the outcome of the evaluation process results;
11. **Failure to approve the negotiation team by the Contracts Committee members:** Section 30 (c) of the PPDA Act, Cap. 205 and Regulation 3 (6) of the PPDA (Negotiations) Regulations, 2023 respectively require a Contracts Committee to approve negotiation teams and approve the negotiations plan prior to negotiations. In the procurement of Security services valued at UGX 53,808,000. The Authority found that the Contracts Committee did not approve both the negotiation team and the negotiation plan prior to the commencement of negotiations. This was attributed to inadequate knowledge of the required procedural matters, resulting in non-compliance with established procurement regulations. Failure to review negotiation plans and the composition of negotiation teams increases the risk of the Entity entering into legally binding agreements containing unfavorable and unenforceable terms which may expose the Entity to regulatory breaches and potential financial loss. Without committee oversight, there is a heightened risk of appointing negotiation teams that lack the requisite competence or expertise and unable to adequately articulate the Entity's position during negotiations, resulting in agreements which may undermine the Entity's interests.
12. **Failure to prepare a disposal plan:** Regulation 2 (1) of the PPDA (Disposal of Public Assets) Regulations 2023 requires an Accounting Officer in each financial year, to cause the public assets of a Procuring and Disposing Entity to be reviewed, to identify the public assets to be disposed of in the following financial year. The Authority found out that there was no disposal plan generated by the Entity for the Financial year 2024-2025. Failure to plan for disposal leads to inefficient usage of storage space as space is occupied by assets due for disposal. Additionally, as the assets are kept longer and suffer depreciation in value leading to potential financial loss suffered by the Government of Uganda;
13. **Failure to appoint a contract manager:** Regulation 50 (1) of the PPDA (Contracts) Regulations, 2023 requires the Accounting Officer to appoint a person from the user department to be the contract manager. The audit found that the Accounting Officer did not appoint Contract Managers in two procurements, i.e., procurement of lab stools and procurement of assorted medical supplies (Lab reagents) worth UGX 15,125,000. Failure to appoint contract managers may affect contract implementation leading to delays and shoddy works, thereby denying service delivery to the intended beneficiaries;
14. **Weak contract management:** Regulation 52 of the PPDA (Contracts) Regulations, 2023 outlines the roles of a contract manager among which includes submission of monthly reports on the progress of the contract to the Accounting Officer and to the Procurement and Disposal Unit. The Authority found that there was laxity in contract management in

five procurements worth UGX 241,885,494 denoted by lack of contract management plans and progress reports. These weaknesses undermine effective oversight and may compromise the achievement of value for money.

- 15. Failure to have clear provisions regarding Environment, Social, Health and Safety issues including gender issues in the statement of requirements:** Regulation 34 (5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 states that a statement of requirements, shall where applicable, be environmentally and socially responsive. Five procurements worth UGX 241,885,494 did not have clear provisions pertaining environmental, social, health and safety issues in the terms of reference which might have left doubt to the bidders regarding environment, social and safety requirements of the Entity. Unclear environment, social, health and safety requirements can potentially lead to environmental harm, worker and public health risks, delays in contract implementation and may result into outcomes which do not meet the end user requirements.

Key Recommendations:

1. The Accounting Officer should:
 - i. Establish a strong internal mechanism to implement recommendations made by the Authority so as to improve the Entity's performance in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205. This could include appointing a task force that will be responsible for ensuring full implementation of the Authority's recommendations;
 - ii. Always execute all planned procurements in order to deliver services to the intended beneficiaries and avoid returning unspent balances to the consolidated fund;
 - iii. Along with management regularly carry out a review of the implementation of the procurement plan. In the event that amendments are made to departmental workplans the procurement plan should be updated in accordance with Section 60 (7) of the PPDA Act, Cap. 205 and Regulation 4 of the PPDA (Procurement Planning) Regulations 2023 to ensure improved absorption of the Entity's Procurement Plan;
 - iv. Reserve at least 15% of the annual procurement plan for award to registered associations of Women, Youth, and Persons with Disabilities in alignment with PPDA Guideline 11 of 2024, which mandates reserving at least 15% of the annual procurement budget for these groups;
 - v. Desist from approving procurements outside the procurement plan;
 - vi. Task the Head, Procurement and Disposal to always submit monthly reports in time in accordance with Regulation 15 of the PPDA (Procuring and Disposing Entities) Regulations, 2023;
 - vii. Where need arises, renew framework contracts in accordance with Regulation 55 (1) of the PPDA (Contracts) Regulations, 2023 before issuance of call off orders to service providers;

- viii. Consider training the Contracts Committee members and the Head, Procurement and Disposal Unit in solicitation document preparation to ensure that bidding documents are scrutinized and contain information which does not restrict bidders' participation in the bidding process;
 - ix. Display the Best Evaluated Bidder Notices for ten working days as required under Regulation 3 (1) of the PPDA (Contracts) Regulations, 2023;
 - x. Initiate and support capacity building efforts within the Entity to empower Contracts Committee members to effectively fulfil their responsibilities, in line with Section 30 of the PPDA Act, Cap. 205;
 - xi. In each financial year prepare and submit to the Authority the annual disposal plan in accordance with Section 60 (1) of the PPDA Act, Cap. 205;
 - xii. Appoint Contract Managers for every contract in accordance with Regulation 50 (1) of the PPDA Contracts Regulations 2023;
 - xiii. Task Heads of User Departments to prepare adequate Statements of Requirements that are clear, precise and inclusive of ESHS issues with input from subject matters expertise to enable PDU prepare better quality bidding documents that will attract many more responsive bidders in accordance with Regulation 34 (5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
2. The Contracts Committee should:
- i. Only approve procurements that are provided for in the procurement plan in accordance with Section 30 (d) of the PPDA Act, Cap. 205;
 - ii. Scrutinize all bidding documents for quality before approval in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023;
 - iii. Approve negotiation teams prior to negotiations in line with Section 30 (c) of the PPDA Act, Cap. 205; and
 - iv. In future procurements, the Contracts Committee should approve the negotiations plan prior to negotiations in accordance with Regulation 3 (6) of the PPDA (Negotiations) Regulations, 2023.
3. The Head, Procurement and Disposal Unit should:
- i. Where necessary, at any time during the financial year update the procurement plan in accordance with Regulation 4 of the PPDA (Procurement Planning) Regulations 2023;
 - ii. Utilize the online report submission platform to streamline and enhance the efficiency of its monthly reporting submissions via <https://ereports.ppda.go.ug/download-templates>;

- iii. Prepare and issue bidding documents that have all the relevant required information including adequate specifications in accordance with Regulations 42, 43, 44 and 45 of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;
 - iv. Request for bid securing declarations while preparing bidding documents for procurement of supplies, works or non-consultancy services under the restricted domestic restricted international, quotation and direct methods in accordance with PPDA Guideline 4/2025;
 - v. In future procurements, request for bid securities in line with PPDA Guideline 4/2025 of the Bid, Performance and Advance Payment Securities Guideline;
 - vi. Prepare contracts with clear contract details in accordance to Regulation 9 (1) of the PPDA (Contracts) Regulations 2023; and
 - vii. Guide in managing the procurement and disposal processes up to the point of contract placement in accordance with Regulation 13 (1) of the PPDA (Procuring and Disposing Entities) 2023.
4. Contract managers should closely monitor contracts to avoid issuance of call off orders against expired framework contracts in accordance with 52 (3) (a) (vi) Regulation of the PPDA (Contracts) Regulations, 2023.
 5. Heads of User departments should ensure that Contract Managers perform their roles and responsibilities as provided for in Regulation 52 of the PPDA (Contracts) Regulations, 2023.

Mbale Regional Referral Hospital should implement the recommended action plan on pages 22, 23 and 24 of the audit report.

CHAPTER ONE: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Mbale Regional Referral Hospital that covered a representative sample of 17 procurement transactions worth UGX 614,638,365 under the Financial Year 2024/25. The audit involved a review of the procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, Cap. 205 and the attendant PPDA Regulations.

1.2 Overall Objective

The overall objective of the audit was to assess and establish the degree of compliance of Mbale Regional Referral Hospital's procurement system, process and disposal process with the provisions of the Public Procurement and Disposal of Public Assets Act, Cap. 205, and the PPDA Regulations, 2023, and assess the level of procurement performance over the audit period.

The specific objectives were to:

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

1.3 Audit Scope

The audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The audit covered a representative sample of 17 procurement transactions under the Financial Year 2024/25. The list of sampled transactions is contained in **Annex 2**. Table 1 below details the distribution of the transaction population and sample.

Table 1: Distribution of the Transaction Population and Sample

S/No.	POPULATION			SAMPLE		PERCENTAGE	
	Procurement method	Value	No.	Value	No.	No.	Value
1.	Open Domestic Bidding	543,310,905	15	543,310,905	15	100	100
2.	Request for Quotation	166,986,625	4	71,327,460	2	50	42.7
3.	Micro Procurements	125,906,940	35	-	-	-	-
	Total	836,204,470	54	614,638,365	17	31.48	73.50

1.4 Methodology

The Authority examined records and documents for each sampled procurement transaction and/or disposal and obtained the relevant evidence to derive audit conclusions. This involved a review of the Entity's procurement and disposal planning, initiation, bidding, evaluation, contract placement and processes. At the end of the document review, a physical verification was undertaken to ascertain the level of contractual delivery and fit for purpose.

During the audit, the Authority held interviews with the staff from the Procurement and Disposal Unit and User Departments that were necessary in obtaining crucial qualitative information about the internal control systems and processes in place.

A debrief meeting to clear all pending issues that arose during the audit was held with the Entity management and staff on **9th September 2025** before the auditors could embark on preparation of the management letter. The Authority prepared the management letter, which was sent to the Entity on **10th December 2025** with a request to submit a management response by **17th December 2025**. The response was submitted on **18th December 2025** and an exit meeting was held on the same day.

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

CHAPTER TWO: KEY FINDINGS AND RECOMMENDATIONS

2.1 Compliance by the Entity with the general provisions of the PPDA Act, Cap. 205 and attendant PPDA Regulations with regard to the performance of the procurement structures and the conduct of the procurement process

2.1.1 Procurement structures

The key players in the procurement structure at Mbale Regional Referral Hospital include the Hospital Director as Accounting Officer, the Contracts Committee, the Procurement and Disposal Unit and the User Departments.

The Authority noted the following regarding the Entity's procurement structures:

i. Accounting Officer

Section 28 of the PPDA Act, Cap 205 gives the Accounting Officer the overall responsibility for the successful execution of procurement, disposal and contract management in the Procuring and Disposing Entity. The Hospital Director, Dr. Stephen Obbo was the Accounting Officer of the Entity during the Financial Year 2024/2025.

ii. Staffing and tenure of the Contracts Committee

Section 29 (1) of the PPDA Act, Cap 205 requires the Contracts Committee to be fully constituted. During the audit period, the Entity's Contracts Committee was fully constituted as shown in Table 2 below:

Table 2: List of Contracts Committee Members

No	Name	Job Title	Position on Contract Committee	Appointment Date By PS/ST	Date of Expiry
1.	Dr. John William Twinomuhangi	Medical officer	Chairperson	11 th February 2025	17 th February 2028
2.	Mr. Isaac Andama	Psychiatric Clinical officer	Secretary	18 th April 2024	18 th April 2027
3.	Dr. Prosovia Arach	Consultant, Ophthalmologist	Member	11 th September 2025	11 th September 2028
4.	Mr. Richard Komo	Senior Hospital Administrator	Member	11 th September 2025	11 th September 2028
5.	Mr. Joshua Serugendo	State Attorney	Member	26 th March 2024	4 th April 2027

iii. Staffing of the Procurement and Disposal Unit

During the year under audit, the Entity's procurement and disposal unit was fully staffed with two members of staff in the Unit at the levels of Procurement Officer and Assistant Procurement Officer. Details of the Procurement and Disposal Unit staff are shown in Table 3 below:

Table 3: Details of staff in the Procurement and Disposal Unit

S/No	Name	Job Title	Date of appointment	Academic Qualification
1.	Mr. Mercy Muyambi	Procurement Officer	14 th April 2025	MBA, MCIPS and Bachelors in Procurement and Supply Chain Management.
2.	Mr. Tonny Isaac Drati	Assistant Procurement Officer	7 th February 2023	Diploma in Procurement and Logistics Management.

2.1.2 Failure to fully implement previous audit recommendations

Section 10 (1) (a) of the PPDA Act, Cap. 205 requires an Entity to take corrective action as may be necessary in the circumstances to rectify the breach. The Authority noted that the Entity had been issued its previous audit report for the Financial Year 2023/2024 on 30th December 2024. Out of the fourteen recommendations, four (29%) were partially implemented, ten (71%) remained unimplemented, while none was fully implemented contrary to. Details are provided in Table 4 below:

Table 4: Implementation of previous audit recommendations

S/No	Recommendation	Status	Management response
The Accounting Officer should:			
1.	With assistance from Internal Audit, establish a robust system to ensure that all audit recommendations are consistently tracked and implemented, in order to enhance the Entity's performance in accordance with Section 10 of the PPDA Act, Cap 205	Partially Implemented	<i>Management commits to ensuring that all PPDA audit recommendations are tracked and continuously implemented</i>
2.	Regularly conduct or designate persons to conduct a review of the procurement plan to harmonize it with the existing circumstances at the Entity in accordance with Section 60 (7) of the PPDA Act. Cap 205	Partially Implemented	<i>Audit recommendation is noted, moving forward, with assistance from the head, PDU, the procurement plan shall always be harmonized and updated to fit with the existing circumstances in accordance with Section 60 (7) of the PPDA Act, Cap 205</i>
3.	Ensure that all procurements are conducted fairly and in a transparent manner, in full compliance with Section 48 of the PPDA Act, Cap 205, and that proper procedures are followed	Partially Implemented	<i>The audit recommendation is appreciated. Management commits to continually uphold</i>

S/No	Recommendation	Status	Management response
	throughout the process in accordance with Section 27 of the PPDA Act, Cap 205		<i>the principle of transparency and fairness throughout the procurement process. This will be through open bidding opportunities, display of notices and noticeboards and websites.</i>
4.	Ensure competition in all the procurement processes in accordance with Section 49 of the PPDA Act, Cap 205.	Partially Implemented	<i>Management commits to continuously uphold the principle of competition through open advertisements</i>
5.	Ensure that, before signing any contract, the obligations of each party are explicitly defined, in accordance with Regulation 9(l)(a) of the PPDA (Contracts) Regulations, 2023	Not Implemented	<i>Management has taken note of the audit recommendation, with assistance of the head, procurement and disposal unit, management shall ensure that before signing any contract, the obligations of each party are explicitly defined, in accordance with Regulation 9(1) a of the PPDA (Contracts) Regulations, 2023</i>
The Contracts Committee should ensure that:			
6.	The principles of fairness and transparency are observed in the evaluation process in accordance with Section 48 of the PPDA Act, Cap 205 before approving the evaluation reports	Not Implemented	<i>Management has taken note of the audit recommendation. Management, with assistance of the head procurement and disposal unit, commits to ensuring that the principles of fairness and transparency are observed in the evaluation process in accordance with Section 48 of the PPDA Act, Cap 205 before</i>

S/No	Recommendation	Status	Management response
			<p><i>approving the evaluation reports. Bids shall be evaluated basing on the clear evaluation criteria approved by the Contracts Committee</i></p>
<p>The Head, Procurement and Disposal Unit should:</p>			
7.	<p>Enforce Regulation 23 (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023, by consistently obtaining at least three quotations for micro-procurements in order to boost competition in the procurement process</p>	Partially Implemented	<p><i>Management has taken note and with the assistance of the Head Procurement and Disposal Unit, management shall continuously enforce Regulation 23 (2) of the PPDA (Rules and Methods for procurement of Supplies, Works and Non-Consultancy services Regulations) 2023, by consistently obtaining at least three quotations for micro procurements in order to boost competition in the procurement process.</i></p>
8.	<p>Ensure fairness in the shortlisting of firms by considering the firms on the entity's prequalification list for business as opposed to picking firms outside the list without any justification contrary to Regulation 53 of the PPDA (Rules and Methods for procurement of supplies, works and non-consultancy services) Regulations, 2023</p>	Not implemented	<p><i>Management appreciates the audit recommendation and commits to ensuring fairness in the shortlisting of firms by considering the firms in the entity's prequalification list for business as opposed to picking firms outside the list without any justification contrary to Regulation 53 of the PPDA (Rules and methods of procurement of supplies, works and non-consultancy</i></p>

S/No	Recommendation	Status	Management response
			services) Regulation 2023.
9.	Ensure that the closure of the process of submission of bids is witnessed by a member of the Contracts Committee or the User Department in accordance with Regulation 69 (6) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non- Consultancy Services) Regulations, 2023 and the requisite forms should be signed to confirm bid closure at the deadline of submission of bids.	Partially implemented	<i>Management has taken note and is committed to ensuring that, at the closure of the process of submission of bids is witnessed by a member of the Contracts Committee or the user department in accordance with Regulation 69 (6) of the PPDA ((Rules and Methods for Procurement of Supplies, Works and Non- Consultancy Services) Regulations, 2023 and the requisite forms should be signed to confirm bid closure at the deadline of bid submission.</i>
10.	Ensure that the Evaluation Committee members strictly adhere to the evaluation criteria in the bidding document in accordance with Section 76 (3) of the PPDA Act, CAP 205.	Partially implemented	<i>Management has taken note. Biannual Capacity building and training programs of the user departments by PPDA has been prioritized and budgeted for in the financial year 2025/2026</i>
11.	Always maintain complete procurement and disposal records and reports on their respective action files in accordance with Section 33 (o) of the PPDA Act, Cap 205 in order to improve on the audit trail and accountability of public funds.	Partially Implemented	<i>Audit recommendation appreciated, with the assistance of the Head procurement and head of Records/Registry, CMES, trainings on good record keeping practices have been continuously conducted.</i>
The Head User Departments should ensure that:			
12.	Ensure that contract managers submit monthly reports on the progress of a contract, and a copy submitted to the	Partially Implemented	<i>Management has taken noted and continuously commit to ensuring that</i>

S/No	Recommendation	Status	Management response
	Accounting Officer and the Procurement and Disposal Unit for record keeping as required under Regulation 52 (3) (g) of the PPDA (Contracts) Regulations. 2023		<i>contract managers submit monthly reports on the progress of a contract, and a copy submitted to the Accounting Officer and the Procurement and Disposal Unit for records keeping as required under Regulations 52 (3) (g) of the PPDA (Contracts) Regulations, 2023.</i>

Implication

Failure to fully implement audit recommendations affects performance of the procurement function and is an indicator of a weak implementation mechanism by the Entity.

Recommendation

The Accounting Officer should establish a strong internal mechanism to implement recommendations made by the Authority so as to improve the Entity's performance in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205. This could include appointing a task force that will be responsible for ensuring full implementation of the Authority's recommendations.

2.1.3 Procurement plan implementation rate

Section 60 (7) of the PPDA Act, Cap. 205 requires an Entity on a quarterly basis and in any other case, whenever necessary, review and update its procurement plan. Assessment of the procurement plan and utilization of funds revealed that the procurement plan implementation rate of the Entity for the Financial Year 2024/25 was 34%. Whereas, the Entity planned to spend UGX 2,444,524,000 on procurement, the Authority noted that the Entity carried out procurements worth UGX 836,204,470 (34%) creating an implementation variance of UGX 1,608,319,530 (66%). Table 5 below summarizes information about the procurement plan, budget and utilization of funds:

Table 5: Procurement Plan Implementation

Analysis of Procurement spend	
Total procurement plan value inclusive of VAT (UGX)	2,444,524,000
Procurement spend value inclusive of VAT (UGX)	836,204,470
Procurement plan Implementation Rate (%)	34
Budget variance (UGX)	1,608,319,530
Budget variance (%)	66

Implication

Low procurement plan implementation rate is a red flag for low absorption capacity by the Entity which may increase the risk of budget cuts being suffered by the Entity due to non-performance. Furthermore, it denies delivery of services to the intended beneficiaries.

Management Response

Management acknowledges the audit recommendations. However, it was noted that the entire procurement plan implementation was up to 2,488,210,025 as per the attached purchase activity register for the financial year 2024/2025. Annex 2

The low implementation of the procurement plan was disrupted by the G2G project terminations that put G2G activities at halt.

Going forward, management commits to ensuring that the procurement plan is fully executed/implemented.

This will be achieved by making deliberate engagements with PPDA to conduct continuous user and stakeholder engagements and trainings starting 3rd quarter this financial year.

Additionally, timely update of the procurement plan by PDU according to the prevailing circumstances will be done.

Authority's response

The Authority has reviewed the Entity's response. While the purchase activity register reflects a total expenditure of UGX 2,488,210,020, this figure does not provide a comprehensive picture of all procurements undertaken during FY2024/2025. It should be noted that the register may also include payments for arrears, which were not accounted for in the approved procurement plan. For instance, the register recorded a payment of UGX 103,096,402 to National Water and Sewerage Corporation, despite this item not being part of the plan.

Recommendations

The Accounting Officer should;

- Always execute all planned procurements in order to deliver services to the intended beneficiaries and avoid returning unspent balances to the consolidated fund and;
- Along with management regularly carry out a review of the implementation of the procurement plan. In the event that amendments are made to departmental workplans the procurement plan should be updated in accordance with Section 60 (7) of the PPDA Act, Cap. 205 and Regulation 4 of the PPDA (Procurement Planning) Regulations 2023 to ensure improved absorption of the Entity's Procurement Plan.

2.1.4 Failure to reserve procurements for Women, Youth and PWDs

PPDA Guideline 11 of 2024, Section 2.1 (i) mandates Procuring and Disposing Entities to allocate a minimum of 15% of their annual procurement plan budgets to special interest groups, i.e Women, Youth and Persons with Disabilities. The audit found that the procurement plan was developed without incorporating provisions to reserve portions of procurement for these designated groups due to a knowledge gap.

Implication

Failure to include the Women, Youth and Persons with Disabilities frustrates efforts by the Government of Uganda aimed at increased participation of special interest groups in public procurement.

Management Response

The audit recommendation is noted and appreciated. Management will ensure that starting the 3rd quarter of the financial year 2025/2026, the procurement plan is amended to include the 15% of the annual procurement budget to cater for those designated interest groups.

Recommendation

The Accounting Officer should reserve at least 15% of the annual procurement plan for award to registered associations of Women, Youth, and Persons with Disabilities in alignment with PPDA Guideline 11 of 2024, which mandates reserving at least 15% of the annual procurement budget for these groups.

2.1.5 Procuring outside the procurement plan

Section 60 (10) states that a procurement shall not be carried out outside the procurement plan except in emergency situations. In three procurement transactions totaling to UGX 79,772,834, audit revealed that they were conducted outside the approved procurement plan. This was attributed to lack of adequate internal controls in the procurement function. Details of the unplanned procurements are presented in Table 6 below:

Table 6: Procurements carried outside the procurement plan

S/No	Subject of Procurement	Amount (UGX)
1.	Supply and installation of lab power backup systems	56,778,034
2.	Supply and installation of multi-biometric time attendance and access control system	13,994,800
3.	Lab stools	9,000,000
Total		79,772,834

Implication

Unplanned procurements may lead to creation of domestic arrears and encroaching on budgets for already planned procurements.

Management Response

Management acknowledges the audit recommendations. However, it was noted that the procurements done outside the procurement plan were prioritized to effective service delivery using the G2G reimbursable funds realized after meeting the agreeable milestones.

Going forward, management commits to ensuring that the procurement plan is updated in time, in accordance with Regulations 4 of the PPDA (Procurement planning) Regulations, 2023.

Recommendations

The Authority has taken note of the Entity's responses, however;

- The Accounting Officer should desist from approving procurements outside the procurement plan.
- The Head, Procurement and Disposal Unit should where necessary, at any time during the financial year update the procurement plan in accordance with Regulation 4 of the PPDA (Procurement Planning) Regulations 2023.
- The Contracts Committee should only approve procurements that are provided for in the procurement plan in accordance with Section 30 (d) of the PPDA Act, Cap. 205.

2.1.6 Delayed submission of monthly reports

Regulation 15 of the PPDA (Procuring and Disposing Entities) Regulations, 2023 requires a Procuring and Disposing Entity for each month, to submit to the Authority by the fifteenth day of the following month, a report on the procurement activities undertaken by the Procuring and Disposing Entity in the month. The Authority found that the Entity delayed to submit six monthly reports for July 2024, August 2024, September 2024, October 2024, November 2024, March 2025. The reports were submitted to the Authority on 13th January 2026.

Implication

Delayed submission of monthly reports shows lack of transparency and accountability in the conduct of public procurement which negatively affects the audit trail.

Management Response

Management acknowledges the audit observation and going forward, it commits to ensuring timely submission of monthly procurement reports in accordance with Regulations 15 of the PPDA (Procuring and Disposing Entities) Regulations, 2023. This will be achieved through the utilization of online report submission starting with 3rd quarter of the financial year 2025/2026. Effective financial year 2025/2026, management, with the help of Head PDU, online submissions shall be made.

Recommendations

- The Accounting Officer should task the Head, Procurement and Disposal to always submit monthly reports in time in accordance with Regulation 15 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.
- The Head, Procurement and Disposal Unit should utilize the online report submission platform to streamline and enhance the efficiency of its monthly reporting submissions via <https://ereports.ppda.go.ug/download-templates>

2.1.7 Issuance of call off orders against expired framework contracts

Regulation 55 (1) of the PPDA (Contracts) Regulations, 2023 states that the contracts for the supplies or non-consultancy services specified in Schedule 3, that expire may be renewed. Some of the contracts include medical supplies and maintenance of buildings, fixtures and furnishings of buildings among others. In two procurements worth UGX 186,819,871, call off orders were issued against framework contracts that had expired on 3rd November 2024 and had not been renewed. The procurements are indicated in Table 7 below:

Table 7: Procurements where call off orders were issued against expired contracts

S/No	Subject of Procurement	Amount (UGX)
1.	Supply of drugs and sundries for Masaba private wing	157,915,911
2.	Assorted carpentry	28,903,960
Total		186,819,871

Implication

Engagement of providers against expired contracts denies the Entity of contractual protection that may arise from non-performance or under performance of providers.

Management response

Management appreciates the recommendations. However, it is worth noting that by the time of expiry of contracts for those supplies, the procurement and Disposal Unit had sought for contract extension as per the attached letter of contract approval. Annex 3

Going forward, the entity commits to hold continuous capacity building interventions with PPDA regarding contract management commencing in the third quarter of this financial year with an aim of ironing out such gaps.

Authority's response

The Authority has noted the Entity's response; however, it should be noted that the information provided by the Entity indicated that contract extension was from 3rd May 2024 to 4th October 2024 which was still within the framework contractual duration.

Recommendations

- The Accounting Officer should where need arises, renew framework contracts in accordance with Regulation 55 (1) of the PPDA (Contracts) Regulations, 2023 before issuance of call off orders to service providers.
- Contract managers should closely monitor contracts to avoid issuing call off orders against expired framework contracts in accordance with 52 (3) (a) (vi) Regulation of the PPDA (Contracts) Regulations, 2023.

2.1.8 Inadequately drafted bidding documents

Contrary to Regulations 42, 43, 44 and 45 of the of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023, the Authority found that there were weaknesses and inadequacies in the bidding documents for two procurements worth UGX 158,588,000. These included unclear terms of reference, lack of special conditions of contract and failure to attach specifications. The procurements are indicated in Table 8 below:

Table 8: Procurements with inadequacies in the bidding documents

S/No	Subject of Procurement	Contract Amount (UGX)	Inadequacies in the bidding document
1.	Security services for the hospital	53,808,000	<ul style="list-style-type: none"> • Unclear requirements under the terms of reference such as: <ul style="list-style-type: none"> i. Must be duly registered with the Security and Exchange Commission Department of Trade and Industry, or Cooperative Development Authority' ii. Must be duly registered with social security system, Health Insurance Cooperation. iii. Must be duly registered with the Security and Exchange Commission Department of Trade and Industry, or Cooperative Development Authority' iv. Must be duly registered with URA: Net Financial Contracting, membership of the Uganda Association of Detective and Protective Operators'

S/No	Subject of Procurement	Contract Amount (UGX)	Inadequacies in the bidding document
			<ul style="list-style-type: none"> • Lacked special conditions of contract • Poorly populated price schedule which lacked the items that needed pricing.
2.	Medical equipment	104,780,000	Failure to include specifications for some equipment, i.e <ul style="list-style-type: none"> • the resuscitation kit, • bone marrow set and • manual vacuum aspirator
Total		158,588,000	

Implication

Provision of inadequate and contradictory information in the bidding document may lead to bidders misunderstanding the Entity's requirements and thereafter submitting non-responsive bids. Similarly, it may confuse bidders and lead to low bidder participation.

Management response

Management appreciates the audit recommendations. Going forward, the Head, Procurement and Disposal Unit will always ensure that the bidding documents issued to bidders have all relevant required information including adequate specifications in accordance with Regulations 42, 43, 44 and 45 of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations 2023.

The Entity intends to realize the above by deliberately engaging PPDA for tailored training to users, contracts committee and PDU on development of the procurement specifications, Terms of reference and scope of works beginning of 3rd quarter 2025/2026.

Recommendations

- The Head, Procurement and Disposal Unit should prepare and issue bidding documents that have all the relevant required information including adequate specifications in accordance with Regulations 42, 43, 44 and 45 of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
- The Contracts Committee should scrutinize all bidding documents for quality before approval in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

2.1.9 Irregular request for a bid security

Regulation 63 (9) (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 states that 'a procuring and disposing entity shall require a bid securing declaration where the restricted domestic bidding and quotation procurement methods are used.' The Authority found that the Entity irregularly requested for a bid security for the procurement of security services valued at UGX 53,808,000. Specifically, a bid security of UGX 4,000,000 was requested under ITB 19.2, despite the fact that the estimated value did not qualify for either open domestic or international bidding methods that warrant a bid security. Also, the bid security amount was 7.4% of the estimated procurement value, which exceeded the maximum of one percent stipulated under Guideline 4/2025 of the Bid and Performance Security Guidelines.

Implication

The requirement for bid security in low value procurements may deter participation from small and emerging firms that lack sufficient financial resources or access to credit facilities. This undermines the principle of competition and may potentially lead to low bidder participation.

Management Response

Management appreciates the audit recommendation in reference to PPDA Guideline 4/2025 of the Bid and Performance Security Guidelines.

Going forward, management will prioritize training the Contracts Committee members and the Head, Procurement and Disposal Unit in solicitation document preparation beginning of 3rd quarter of financial year 2025/2026.

Additionally, Head PDU commits to ensuring that any request for bid securities is in line with PPDA Guideline 4/2025 of the Bid and Performance Security Guidelines.

Recommendations

- The Accounting Officer should consider training the Contracts Committee members and the Head, Procurement and Disposal Unit in solicitation document preparation to ensure that bidding documents are scrutinized and contain information which does not restrict bidders' participation in the bidding process.
- The Head, Procurement and Disposal Unit should request for bid securing declarations while preparing bidding documents for procurement of supplies, works or non-consultancy services under the restricted domestic restricted international, quotation and direct methods in accordance with PPDA Guideline 4/2025 and Regulation 63 (9) (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
- In future procurements, the Head, Procurement and Disposal Unit should request for bid securities in line with PPDA Guideline 4/2025 of the Bid, Performance and Advance Payment Securities Guideline.

2.1.10 Poorly drafted contracts

Regulation 9 (1) of the PPDA (Contracts) Regulations 2023 requires that a contract shall clearly identify the obligations of each party among other requirements. The Authority found that the Entity poorly drafted two contracts worth UGX 179,808,000. There were deficiencies in some contracts which included lack of special conditions of contract making it difficult to ascertain the contractual duration, the payment schedule, payment period among others as indicated in Table 9 below:

Table 9: Procurements with poorly drafted contracts

S/No	Subject of Procurement	Contract Amount (UGX)	Issues noted
1.	Security services	53,808,000	<ul style="list-style-type: none">• Lacked special conditions of contract.• Lacked the contractual duration
2.	Cleaning services	126,000,000	Lacked special conditions of contract
Total		179,808,000	

Implication

Lack of clear information in the contract may result into unnecessary conflicts between the service provider and the Entity, which may ultimately lead to litigation.

Management response

Management has taken note of the recommendation. With assistance of Head, Procurement and Disposal Unit, Management commits to always ensure that contracts contain clear contract details in accordance with Regulation 9 (1) of the PPDA (Contracts) Regulations 2023.

Recommendation

The Head, Procurement and Disposal Unit should prepare contracts with clear contract details in accordance to Regulation 9 (1) of the PPDA (Contracts) Regulations 2023.

2.1.11 Insufficient period for display of the Best Evaluated Bidder Notice

Regulation 3 (1) of the PPDA (Contracts) Regulations, 2023 requires a Procurement and Disposing Entity to display a notice of best evaluated bidder on the notice board of the procuring and disposing entity for ten working days. The Authority found that in two procurements worth UGX 113,780,000, the Entity provided insufficient period for the display of the Best Evaluated Bidders. The procurements are indicated in Table 10 below:

Table 10: Procurements with insufficient display period

S/No	Subject of Procurement	Contract Amount (UGX)	Period of display
1.	Medical equipment	104,780,000	Display was for only 5 working days, display was on 25 th April 2025 and removal on 1 st May 2025.
2.	Lab stools	9,000,000	Display was for only 5 working days, from 25 th April 2025 and removal on 1 st May 2025
Total		113,780,000	

Implication

Displaying the Best Evaluated Bidder Notice for an insufficient period may deny the bidders opportunity to lodge complaints in the event that they are dissatisfied with the outcome of the evaluation process results.

Management Response

Management has taken note of the audit observation and acknowledges the anomaly raised. Going forward, the Head, Procurement and Disposal Unit commits to ensure that the Best evaluated bidder notices are displayed for ten working days as required under Regulation 3 (1) of the PPDA (Contracts) Regulations, 2023. This will be achieved by ensuring timely initiation of procurement to allow enough time for the best evaluated bidder notices display.

Recommendation

The Head, Procurement and Disposal Unit should display the Best Evaluated Bidder Notices for ten working days as required under Regulation 3 (1) of the PPDA (Contracts) Regulations, 2023.

2.1.12 Failure to approve the negotiation team and negotiation plan by the Contracts Committee members

Section 30 (c) of the PPDA Act, Cap. 205 and Regulation 3 (6) of the PPDA (Negotiations) Regulations, 2023 respectively require a Contracts committee to approve negotiation teams and approve the negotiations plan prior to negotiations. In the procurement of Security services valued at UGX 53,808,000, the Authority established that the Contracts Committee did not approve both the negotiation team and the negotiation plan prior to the commencement of negotiations. This was attributed to inadequate knowledge of the required procedural matters, resulting in non-compliance with established procurement regulations.

Implications

- Failure to review negotiation plans increases the risk of the Entity entering into legally binding agreements which may contain unfavorable and unenforceable terms which may expose the Entity to regulatory breaches and potential financial loss.
- Failure to review negotiation teams heightens the risk of appointing teams that lack the requisite competence which may be unable to adequately articulate the Entity's position during negotiations, resulting in agreements that may undermine the Entity's interests.

Management Response

Management appreciates the audit recommendation and commits to initiating and supporting capacity building efforts to empower Contracts Committee members to effectively fulfil their responsibilities in line with Regulation 30 of the PPDA Act, Cap 205.

This is to be realized through continuous training and capacity building engagements with PPDA as per the attached invitation letter about the upcoming training.

Recommendations

- The Contracts Committee should approve negotiation teams prior to negotiations in line with Section 30 (c) of the PPDA Act, Cap. 205.
- In future procurements, the Contracts Committee should approve the negotiations plan prior to negotiations in accordance with Regulation 3 (6) of the PPDA (Negotiations) Regulations, 2023.
- The Accounting Officer should initiate and support capacity building efforts within the Entity to empower Contracts Committee members to effectively fulfil their responsibilities, in line with Section 30 of the PPDA Act, Cap. 205.
- The Head, Procurement and Disposal Unit should guide in managing the procurement and disposal processes up to the point of contract placement in accordance with Regulation 13 (1) of the PPDA (Procuring and Disposing Entities) 2023.

2.2 Compliance of the Entity's disposal process with the provisions of the PPDA Act, Cap 205 and the PPDA (Disposal of Public Assets) Regulations 2023

2.2.1 Failure to prepare a disposal plan

Regulation 2 (1) of the PPDA (Disposal of Public Assets) Regulations 2023 which requires an Accounting Officer in each financial year, to cause the public assets of a Procuring and Disposing Entity to be reviewed, to identify the public assets to be disposed of in the following financial year. The Authority found out that there was no disposal plan generated by the Entity for the Financial year 2024-2025.

Implication

Failure to plan for disposal leads to inefficient usage of storage space as space is occupied by assets due for disposal. Further to this as the assets are kept longer and suffer depreciation in value hence leading to potential financial loss to the Government of Uganda.

Management Response

Management acknowledges the audit observation and appreciates the recommendation. Management commits to regularly review and identify the public assets to be disposed of in each financial year in accordance with Regulation 2 (1) of the PPDA (Disposal of Public Assets) Regulations 2023.

Additionally, Management, this financial year has reviewed and identified the assets to be disposed of as per the attached list for disposal.

Authority’s comment

The Authority has noted the Entity’s response, however, the Entity submitted a list of items due for disposal and not a disposal plan.

Recommendation

The Accounting Officer should in each financial year prepare and submit to the Authority the annual disposal plan in accordance with Section 60 (1) of the PPDA Act, Cap. 205.

2.3 Efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) requirements in the procurement process

2.3.1 Failure to appoint a contract manager

Regulation 50 (1) of the PPDA (Contracts) Regulations, 2023 requires the Accounting Officer to appoint a person from the user department to be the contract manager. The audit found that the Accounting Officer did not appoint Contract Managers in two procurements worth UGX 15,125,000. The procurement contracts are listed in Table 11 below:

Table 11: Contracts without Contract Managers

S/No	Subject of Procurement	Amount (UGX)	Issue
1.	Lab stools	9,000,000	No Contract Manager appointed
2.	Assorted medical supplies (Lab reagents)	6,125,000	
Total		15,125,000	

Implication

Failure to appoint Contract Managers may affect contract implementation leading to delays and shoddy works, thereby denying service delivery to the intended beneficiaries.

Management Response

Management has taken note of the audit observation and commits to ensuring that contract managers are appointed for every contract in accordance with regulation 50 (1) of the PPDA Contracts Regulations 2023. Management has already effected the recommendation. A contract manager for every contract has been appointed, contract management plan developed and report submitted.

Recommendation

The Accounting Officer should appoint Contract Managers for every contract in accordance with Regulation 50 (1) of the PPDA Contracts Regulations 2023.

2.3.2 Weak contract management

Regulation 52 of the PPDA (Contracts) Regulations, 2023 outlines the roles of a contract manager among which include submitting monthly reports on the progress of the contract to the Accounting Officer and to the Procurement and Disposal Unit. The Authority found that there was laxity in contract management in five procurements worth UGX 241,885,494 denoted by lack of contract management plans and progress reports. These weaknesses undermine effective oversight and may compromise the achievement of value for money. These are indicated in Table 12 below:

Table 12: Weak contract management

S/No	Subject of Procurement	Contract Amount (UGX)	Issues at contract management
1.	Medical equipment	104,780,000	Lacked contract management plans and progress reports
2.	Supply and installation of multi-biometric time attendance and access control system	13,994,800	
3.	LAN equipment for Masaba wing, OPD, causality and medical ward	57,332,660	
4.	Lab stools	9,000,000	Lacked contract management plans
5.	Supply and installation of lab power backup systems	56,778,034	
	Total	241,885,494	

Implication

Weakness in contract management leads to poor/ under performance of contracts by service providers hence failure to realize the objectives of the procurement.

Management Response

Management takes note of the recommendation and commits to ensuring that contract managers are appointed, contract management plans are developed and contract management reports are developed.

Management commits to tailor capacity building training sessions to the user departments by PPDA aimed at equipping contract managers with knowledge to enable them perform their roles and responsibilities as provided for in Regulation 52 of the PPDA (Contracts) Regulations 2023.

Recommendation

Contract Managers should perform their roles and responsibilities as provided for in Regulation 52 of the PPDA (Contracts) Regulations, 2023.

2.3.3 Failure to have clear provisions regarding Environment, Social, Health and Safety issues including gender issues in the statement of requirements

Regulation 34 (5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 states that 'a statement of requirements, shall where applicable, be environmentally and socially responsive.' Five procurements worth UGX 241,885,494 did not have clear provisions pertaining environmental, social, health and safety issues. The details are provided in Table 13 below:

Table 13: Procurements for which the environmental issues were not clearly stipulated

No.	Subject of Procurement	Contract Amount (UGX)	Observations
1.	Medical equipment	104,780,000	ESHS requirements in the evaluation criteria were unclear. For instance, bidders were required to comply with social and environmental consideration aspects. However, the criteria did not indicate exactly what documentation bidders were required to submit.
2.	Supply and installation of multi-biometric time attendance and access control system	13,994,800	
3.	LAN equipment for Masaba wing, OPD, casualty and medical ward	57,332,660	
4.	Lab stools	9,000,000	
5.	Supply and installation of lab power backup systems	56,778,034	
Total		241,885,494	

Implication

Unclear environment, social, health and safety requirements can potentially lead to environmental harm, worker and public health risks, delays in contract implementation and may result into outcomes which do not meet the end user requirements.

Management Response

Management has taken note of the audit observation and appreciates the recommendation. Going forward, it commits to incorporating ESHS requirements into the bidding documents. Management will commit resources to continuously carry out trainings (s) for users by PPDA in line with ESHS compliance starting this FY 2025/26.

Recommendation

The Accounting Officer should task Heads of User Departments to prepare adequate Statements of Requirements that are clear, precise and inclusive of ESHS issues with input from subject matters expertise to enable PDU prepare better quality bidding documents that will attract many more responsive bidders in accordance with Regulation 34 (5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

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

3.1 Overall Audit Conclusion

The performance of Mbale Regional Referral Hospital for the Financial Year 2024/25 was unsatisfactory with overall weighted average risk rating of 82%.

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 in Table 14 below:

Table 14: Summary of performance of Mbale Regional Referral Hospital

Risk Category	Number of Sampled Procurements	% No	Value (UGX)	% Value	Weights	Total weighted average	
						By No.	By Value
High	13	76	320,400,705	52	0.6	45.8	31.3
Medium	4	24	294,237,660	48	0.3	7	14.3
Low	0	0	0	0	0.1	0	0
Satisfactory	0	0	0	0	0	0	0
Total	17	100	614,638,365	100	1	52.8	45.6

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{52.8}{60} \times 100 = 88\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{45.6}{60} \times 100 = 76\%$$

$$\text{The average weighted risk rating} = \frac{88 + 76}{2} = 82$$

Table 15: The risk rating is as follows:

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

3.3 Chart representation of risk rating

Figure 1: Chart Representation of Risk Rating by Value

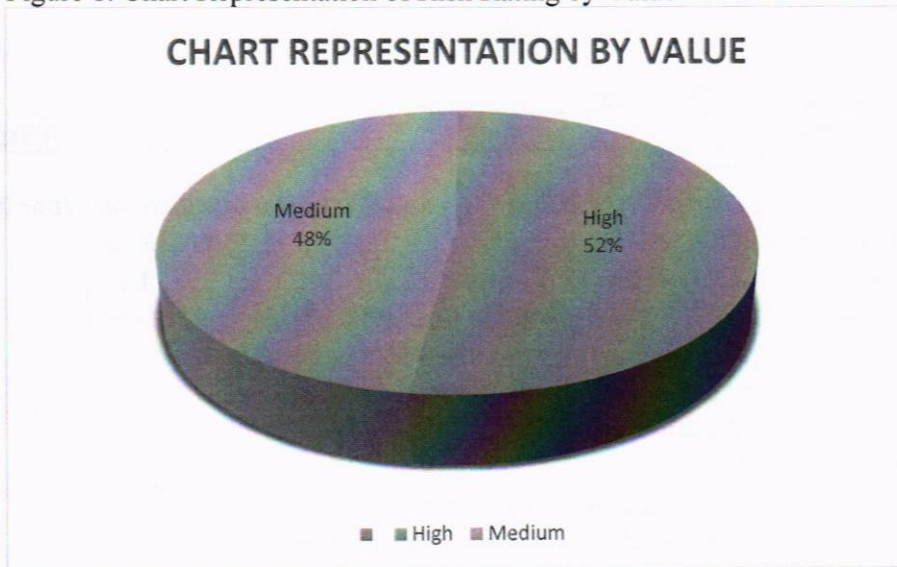
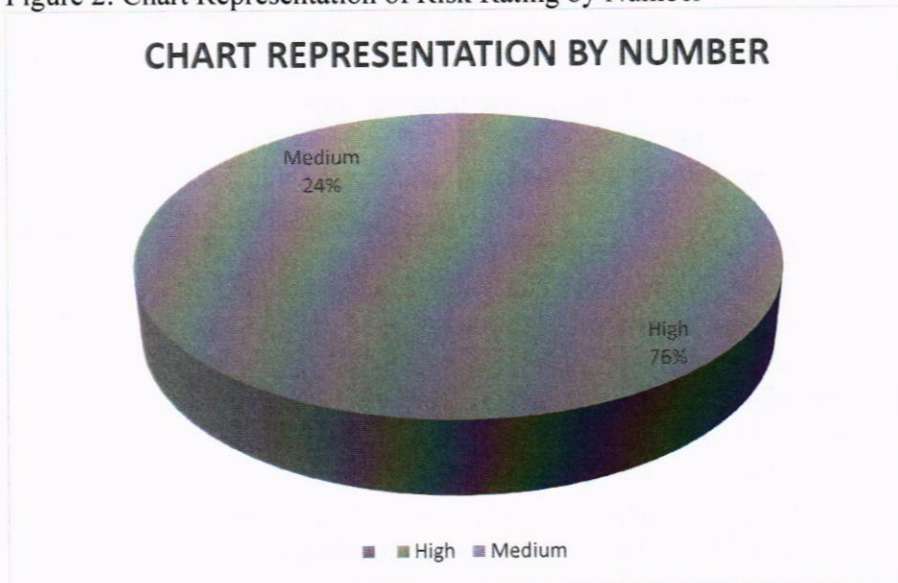


Figure 2: Chart Representation of Risk Rating by Number



3.4 Recommended Action Plan

Mbale Regional Referral Hospital should implement the following recommendations in Table 16 within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 16: Recommended Action plan

No.	Recommendation	Target Date
1.	<p>The Accounting Officer should:</p> <ul style="list-style-type: none"> i. Establish a strong internal mechanism to implement recommendations made by the Authority so as to improve the Entity's performance in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205. This could include appointing a task force that will be responsible for ensuring full implementation of the Authority's recommendations; ii. Always execute all planned procurements in order to deliver services to the intended beneficiaries and avoid returning unspent balanced to the consolidated fund and; iii. Along with management regularly carry out a review of the implementation of the procurement plan. In the event that amendments are made to departmental workplans the procurement plan should be updated in accordance with Section 60 (7) of the PPDA Act, Cap. 205 and Regulation 4 of the PPDA (Procurement Planning) Regulations 2023 to ensure improved absorption of the Entity's Procurement Plan; iv. Reserve at least 15% of the annual procurement plan for award to registered associations of Women, Youth, and Persons with Disabilities in alignment with PPDA Guideline 11 of 2024, which mandates reserving at least 15% of the annual procurement budget for these groups; v. Desist from approving procurements outside the procurement plan; vi. Task the Head, Procurement and Disposal to always submit monthly reports in time in accordance with Regulation 15 of the PPDA (Procuring and Disposing Entities) Regulations, 2023; vii. Where need arises, renew framework contracts in accordance with Regulation 55 (1) of the PPDA (Contracts) Regulations, 2023 before issuance of call off orders to service providers; viii. Consider training the Contracts Committee members and the Head, Procurement and Disposal Unit in solicitation document preparation to ensure that bidding documents are scrutinized and contain information which does not restrict bidders' participation in the bidding process; ix. Display the Best Evaluated Bidder Notices for ten working days as required under Regulation 3 (1) of the PPDA (Contracts) Regulations, 2023; x. Initiate and support capacity building efforts within the Entity to empower Contracts Committee members to effectively fulfil their responsibilities, in line with Section 30 of the PPDA Act, Cap. 205; xi. In each financial year prepare and submit to the Authority the annual disposal plan in accordance with Section 60 (1) of the PPDA Act, Cap. 205; 	<p>June 2026</p> <p>June 2026</p> <p>On a quarterly basis</p> <p>June 2026</p> <p>Immediately</p> <p>Immediately</p> <p>June 2026</p> <p>Immediately</p> <p>June 2026</p> <p>Immediately</p> <p>June 2026</p>

No.	Recommendation	Target Date
	xii. Appoint Contract Managers for every contract in accordance with Regulation 50 (1) of the PPDA Contracts Regulations 2023; xiii. Task Heads of User Departments to prepare adequate Statements of Requirements that are clear, precise and inclusive of ESHS issues with input from subject matters expertise to enable PDU prepare better quality bidding documents that will attract many more responsive bidders in accordance with Regulation 34 (5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.	Immediately Immediately
2.	The Contracts Committee should; i. Only approve procurements that are provided for in the procurement plan in accordance with Section 30 (d) of the PPDA Act, Cap. 205. ii. Scrutinize all bidding documents for quality before approval in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023; iii. Approve negotiation teams prior to negotiations in line with Section 30 (c) of the PPDA Act, Cap. 205; iv. In future procurements, the Contracts Committee should approve the negotiations plan prior to negotiations in accordance with Regulation 3 (6) of the PPDA (Negotiations) Regulations, 2023;	Immediately Immediately Immediately Immediately
3.	The Head, Procurement and Disposal Unit should: i. Where necessary, at any time during the financial year update the procurement plan in accordance with Regulation 4 of the PPDA (Procurement Planning) Regulations 2023; ii. Utilize the online report submission platform to streamline and enhance the efficiency of its monthly reporting submissions via https://ereports.ppda.go.ug/download-templates ; iii. Prepare and issue bidding documents that have all the relevant required information including adequate specifications in accordance with Regulations 42, 43, 44 and 45 of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023; iv. Request for bid securing declarations while preparing bidding documents for procurement of supplies, works or non-consultancy services under the restricted domestic restricted international, quotation and direct methods in accordance with PPDA Guideline 4/2025; v. In future procurements, request for bid securities in line with PPDA Guideline 4/2025 of the Bid, Performance and Advance Payment Securities Guideline; vi. Prepare contracts with clear contract details in accordance to Regulation 9 (1) of the PPDA (Contracts) Regulations 2023; vii. Guide in managing the procurement and disposal processes up to the point of contract placement in accordance with Regulation 13 (1) of the PPDA (Procuring and Disposing Entities) 2023;	Immediately Every month Immediately Immediately Immediately March 2026 Immediately

No.	Recommendation	Target Date
4.	Contract managers should closely monitor contracts to avoid issuance of call off orders against expired framework contracts in accordance with 52 (3) (a) (vi) Regulation of the PPDA (Contracts) Regulations, 2023.	Immediately
5.	Heads of User departments should ensure that Contract Managers perform their roles and responsibilities as provided for in Regulation 52 of the PPDA (Contracts) Regulations, 2023.	Immediately

ANNEXES
ANNEX 1: RISK RATING PER CASE

No	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	<p>Subject: Supply and installation of multi-biometric time attendance and access control system. Reference: MBLRH/SUPLS/24-25/00006 Value: 13,994,800 Procurement method: Open Domestic Contractor: Kibs Systems Limited</p>	<p>Plan Unplanned procurement Poor evaluation Irregularities at evaluation Contracts Committee review Was not reviewed by Contracts Committee Contract management</p> <ul style="list-style-type: none"> • Lacked contract management plan • Lacked procurement report
2.	<p>Subject: Supply of drugs and sundries for Masaba private wing Reference: MBLRH/SUPLS/24-25/00002/7 Value: 157,915,911 Procurement method: Contractors: Generous Pharma Ltd Abacus Pharma Ltd Myrrhmed Medical Services Ltd Joint Medical Store AM Sales Ltd</p>	<ul style="list-style-type: none"> • Call off orders issued against expired framework contracts
3.	<p>Subject: Lab Stools Reference: MBLRH/SUPLS/24-25/00016 Value: UGX 9,000,000 Procurement method: Open Bidding Contractor: Myrrh medical services Ltd</p>	<ul style="list-style-type: none"> • Unplanned procurement • Procurement not reviewed by Contracts Committee. • Insufficient BEB display period, display was on 25th April 2025, removal on 1st May 2025. <p>Contract management</p> <ul style="list-style-type: none"> • Lacked contract management plan • Lacked procurement report
4.	<p>Subject: Supply and installation of lab power backup systems Value: UGX 56,778,034 Reference: MBLRH/SUPLS/24-25/00032 Procurement method: Open Bidding Contractor: Kibs Systems Ltd</p>	<p>Unplanned procurement Contract management</p> <ul style="list-style-type: none"> • Lacked contract management plan • Lacked procurement report
5.	<p>Subject: Supply of assorted carpentry Value: UGX 28,903,960 Reference: MBLRH/SUPLS/24-25/00032 Procurement method: Open Bidding/Framework contract Contractors: Footsteps Furniture Limited</p>	<p>Issuance of call off orders against expired framework contract</p>

No	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
	Leopeek Investments Limited Altenberger Investments Ltd Kyala (U) Limited	
6.	<p>Subject: Provision of security services for the hospital</p> <p>Value: UGX 20,109,914</p> <p>Reference: MBLRH/SRVCS/24-25/000006</p> <p>Procurement method: Open Bidding</p> <p>Contractor: Pearl Security Services Ltd</p>	<ul style="list-style-type: none"> • Inadequately drafted bidding document with restrictive requirements, lacked special conditions of contract • Irregular requisition for a bid security • Poorly drafted contract which lacked special conditions of contract. Lacked the contractual duration • Failure by Contracts Committee to approve the negotiation team and review the negotiations plan prior to commencement of negotiations

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
7.	<p>Subject: Assorted medical equipment</p> <p>Value: UGX 104,780,000</p> <p>Reference: MBLRH/SUPLS/24-25/00064</p> <p>Procurement method: Open Bidding</p> <p>Contractor: Crown Health Care Ltd</p>	<ul style="list-style-type: none"> • Inadequately drafted bidding documents which lacked specifications for some equipment such as the resuscitation kit, bone marrow set, manual vacuum aspirator, were not captured. • Insufficient BEB display period, display was on 25th April 2025, removal on 1st May 2025. <p>Contract management</p> <ul style="list-style-type: none"> • Lacked contract management plan • Lacked procurement report
8.	<p>Subject: Supply of LAN equipment for Masaba wing, OPD, causality and medical ward</p> <p>Reference: MBLRH/SUPLS/24-25/00018</p> <p>Value: UGX 57,332,660</p> <p>Procurement method: Open Bidding</p> <p>Contractor: Hak Computers and Electronics (U) Ltd</p>	<p>Contract management</p> <ul style="list-style-type: none"> • Lacked contract management plan • Lacked procurement report
9.	<p>Subject: Hospital compound cleaning services</p> <p>Value: UGX 10,500,000 per month</p> <p>Reference: MBLRH/SRVCS/22-23/00001/2</p> <p>Procurement method: Open Bidding</p> <p>Contractor: Orient City Cleaners Limited</p>	<p>Poorly drafted contract</p> <ul style="list-style-type: none"> • Lacked special conditions of contract • Lacked contractual duration
10.	<p>Subject: Assorted medical supplies (Lab reagents)</p> <p>Value: UGX 6,125,000</p> <p>Reference: MBLRH/SUPLS/24-25/00046</p>	Failure to appoint a contract manager

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
	Procurement method: Open Bidding Contractor: Ugamer Diagnostics Ltd	

Annex 2: Transaction list and rating per case

No.	Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Amount (UGX)	Risk rating
1.	MBLRH/SUPLS/24-25/00006	Supply and installation of multi-biometric time attendance and access control system	Request for Quotation	Kibs Systems Ltd	13,994,800	High
2.	MBLRH/SUPLS/2024-2025/00002/7	Supply of drugs and sundries for Masaba private wing	Open Domestic Bidding/Framework	Generous Pharma Ltd Abacus Pharma Ltd Myrrhmed Medical Services Ltd Joint Medical Store AM Sales Ltd	157,915,911	High
3.	MBLRH/SUPLS/2024-25/00016	Supply of Lab stools	Open Domestic Bidding	Myrrh Medical Services Ltd	9,000,000	High
4.	MBLRH/SUPLS/24-25/00018	Supply of LAN equipment for Masaba wing, OPD, causality and medical ward	Request for Quotation	Hak Computers and Electronics (U) Ltd	57,332,660	Medium
5.	MBLRH/SUPLS/24-25/00032	Supply and installation of lab power backup systems	Open Domestic Bidding	Kibs Systems Ltd	56,778,034	High
6.	MBLRH/SUPLS/2024-2025/00036	Supply of assorted carpentry	Open Domestic Bidding/ Framework	Footsteps Furniture Company Ltd Leopeek Investments Limited	28,903,960	High

No.	Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Amount (UGX)	Risk rating
				Altenberger Investments Ltd Kyala (U) limited		
7.	MBLRH/SUPLS/2024-2025/00046	Assorted medical supplies (Lab reagents)	Open Domestic Bidding	Ugamer Diagnostics Ltd	6,125,000	Medium
8.	MBLRH/SUPLS/2024-2025/00064	Supply of Medical equipment	Open Domestic Bidding/ Framework	Crown Health Care	104,780,000	Medium
9.	MBLRH/SRVCS/22-23/00001/2	Procurement of hospital compound cleaning services	Open Domestic Bidding/ Framework	Orient City Cleaners Limited	126,000,000	Medium
10.	MBLRH/SRVCS/24-25/000006	Provision of security services for the Hospital	Open Bidding/Framework	Pearl Security Services	53,808,000	High
				Total	614,638,365	

Annex 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 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 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 use of less competitive methods which affects transparency, accountability and value for money.
		Evaluation: Use of inappropriate evaluation methodologies or failure to conduct evaluation.	This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.
		Record Keeping: Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.	This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.
		Fraud/forgery: Falsification of Documents	This implies 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	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	This implies lack of efficiency, standardisation and avoiding competition.

RISK	DESCRIPTION	AREA	IMPLICATION
	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.	issue and receipts of bids, usage of non-pre-qualified firms and splitting procurement requirements.	
		Procurement Structures: Lack of procurement structures	This implies 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.
		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 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	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 conflict of interest and lack of transparency.

RISK	DESCRIPTION	AREA	IMPLICATION
	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.