



PUBLIC PROCUREMENT AND DISPOSAL

Our Ref:PPDA/YUMB/422 OF PUBLIC ASSETS AUTHORITY

"Procurement That Delivers"

10th December 2024

The Hospital Director
Yumbe Regional Referral Hospital
P.O.Box 9
YUMBE

COMPLIANCE INSPECTION REPORT OF YUMBE REGIONAL REFERRAL HOSPITAL FOR FINANCIAL YEAR 2023/2024

Reference is made to the above subject.

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the compliance inspection of Yumbe Regional Referral Hospital that covered a sample of 10 procurement transactions under Financial Year 2023/24. The overall objective of the compliance inspection was to assess and establish the degree of compliance of Yumbe Regional Referral Hospital's procurement system and processes with the provisions of the PPDA Act, Cap 205 and the PPDA Regulations and assess the level of procurement performance over the inspection period.

From the findings of the compliance inspection exercise, the performance of Yumbe Regional Referral Hospital for Financial Year 2023/24 was **moderately satisfactory** with an average weighted risk rating of **42.62%** as per the ranking in Table 12 in Chapter 3 of the compliance inspection report.

The following key exceptions were noted:

1. The Pharmacy Unit under the Inpatient Services Department had expired drugs in its store that created a risk of public health hazards as a result of keeping such items in the Hospital store for long. Notably, there was no evidence of efforts made by the Accounting Officer to inform the District Health Officer of Yumbe district or the National Medical Stores about the expired items to make arrangements for their collection contrary to Clause 18.3.1.1. (5) of the Uganda Essential Medicines and Health Supplies (EMHS) Manual for Financial Years 2023-2026 that was issued in June 2023.
2. The evaluation committee did not remove VAT component worth UGX 2,330,460 per month from the best evaluated bidder's price (Awoyo and Family Investment Company Limited) given that the provider was not VAT registered according to its TIN 1019067602, in the procurement for provision of Hospital internal cleaning. This put the Entity at a risk of incurring a potential financial loss of UGX 41,948,280 for the entire duration of the contract period of 18 months.

Head Office
PPDA - URF Towers, Plot 39
Nakasero Road
P.O.Box 3925, Kampala Uganda
Tel: +256-414-311100
Email: info@ppda.go.ug

Western Regional Office
RDC's Building, Bishop Stretcher Road,
Opposite BOU Currency Centre, Mbarara-Kabale Road
P.O. Box 1353, Mbarara, Uganda.
Tel: +256-417-733800
Email: mbararaoffice@ppda.go.ug

Page 1 of 7

Northern Regional Office
Plot 1, Lower Churchill Drive
P.O. Box 999, Gulu, Uganda
Tel: +256-417-432010
Email: guluoffice@ppda.go.ug

Eastern Regional Office
Oval Plaza, Plot 1, Court Road
P.O. Box 2173, Mbale, Uganda
Tel: +256-417-890100
Email: mbaleoffice@ppda.go.ug



PPDA Uganda



@PPDAUganda



PPDA Uganda



info@ppda.go.ug

www.ppda.go.ug

3. Failure to fully implement 46.4% of the PPDA audit recommendations for FY 2022/2023 contrary to Section 10 (1) (a) of the PPDA Act, Cap. 205. This is a red flag for inadequate internal controls and affects the performance of the procurement and disposal function in the Entity.
4. Thirty-five of the Hospital's procured assets were not engraved contrary to Clause 2.2.4 (ix) bullet No.11 of the Government of Uganda Asset Management Framework and Guidelines issued in October 2020. Without asset engraving/tagging, it makes it difficult for the Entity to streamline maintenance/repair workflows and prevent loss/theft since assets cannot be easily identified/tracked.
5. The Entity did not provide for ESHS requirements in the bidding documents of three procurements worth UGX 84,057,608 contrary to Section 66 of the PPDA Act, Cap. 205. This compromised the health, safety and security of the workers, community and materials on site during execution of the works.
6. Failure by the Accounting Officer to obtain the Solicitor General's approval of eight framework contracts worth UGX 3,702,300,426, despite the fact that the estimate per procurement requirement exceeded the threshold of UGX 200 million, contrary to Statutory Instrument No. 97 of the Constitution of Uganda (Exemption of Particular Contracts from Attorney General's Legal Advice (Amendment) Instrument, 2014. Therefore, the Entity did not adequately mitigate risks that could potentially arise during execution of such high value contracts.
7. The Contract Managers did not prepare contract implementation plans for all the 10 sampled procurements worth UGX 862,880,338 contrary to Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023. This hindered effective monitoring and supervision of contracts and could lead to non-performance or under performance by the providers.

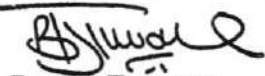
In light of the above findings, the Authority recommends that:

1. The Accounting Officer should:
 - i) Inform the District Health Officer of Yumbe district or the National Medical Stores about the expired items, especially when they come for supervisory visits so that they can arrange to collect the expired drugs in accordance with Clause 18.3.1.1. (5) of the Uganda Essential Medicines and Health Supplies (EMHS) Manual for Financial Years 2023-2026 that was issued in June 2023.
 - ii) Task the Pharmacy Unit of the Inpatient Services Department to look into the cores factors that gave rise to the expiry of the drugs in their custody and the measures to be taken to avoid a repeat of the same.
 - iii) Recover and submit to the Authority evidence of recovery of VAT worth UGX 13,982,760 from the provider, Awoyo and Family Investment Company Limited, for the six months of services undertaken in the provision of Hospital internal cleaning services.
 - iv) Task the evaluation committee to show cause why disciplinary action should not be taken against them for failure to remove the VAT component worth UGX 2,330,460 per month from the best evaluated bidder's price (Awoyo and Family Investment Company Limited) given that the provider was not VAT registered according to its TIN 1019067602, in the procurement for provision of Hospital internal cleaning.

- v) Consider engaging the service provider, Awoyo and Family Investment Company Limited, with the objective of amending the contract to remove the VAT component from the hospital internal cleaning services contract, in light of the fact that the provider is not VAT registered.
 - vi) Engage all relevant stakeholders to implement all the Authority's recommendations to improve procurement performance in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.
 - vii) Procure a service provider to engrave all the Hospital's assets in order to safeguard and secure the Government of Uganda assets in accordance with Clause 2.2.4 (ix) bullet No.11 of the Government of Uganda Asset Management Framework and Guidelines issued in October 2020.
 - viii) Submit draft framework contracts whose estimated value exceeds the threshold of UGX 200,000,000 to the Solicitor General for approval before contracts are signed with providers in accordance with Statutory Instrument No. 97 of the Constitution (Exemption of Particular Contracts from Attorney General's Legal Advice) Instrument, 2014 and Regulation 6 (1) (f) of the PPDA (Contracts) Regulations, 2023.
2. The Head Procurement and Disposal Unit should prepare bidding documents for works with statement of requirements that are environmentally and socially responsive in accordance with Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
 3. The Contracts Committee should scrutinize all sections of the bidding documents for completeness and appropriateness, for example incorporation of ESHS requirements in the statement of requirements, before they approve the bidding documents for issue in accordance with Section 30 (e) of the PPDA Act, Cap. 205.
 4. User Departments should task Contract Manager to prepare contract management plans using Form 49 and forward a copy of the contract management plan to the to the Procurement and Disposal Unit for purposes of monitoring in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023.

This is to communicate to you the findings and recommendations of the Authority that are detailed in the audit report attached hereto. As the Accounting Officer, you are responsible for the overall procurement process in your Entity and you are therefore required to ensure that the above recommendations and the specific actions listed under the Action Plan on **pages 21 - 23** of the report are implemented by the responsible persons within the period specified.

The Authority shall undertake a follow up exercise to ascertain the status of implementation of the recommendations.



Benson Turamy

EXECUTIVE DIRECTOR

c.c.: The Permanent Secretary and Secretary to the Treasury, MoFPED

c.c.: The Permanent Secretary, Ministry of Health

c.c.: The Auditor General, Office of the Auditor General

Encl. Compliance Inspection Report of Yumbe Regional Referral Hospital for FY 2023/2024



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

"Procurement That Delivers"

**COMPLIANCE INSPECTION REPORT FOR FINANCIAL
YEAR 2023/24**

YUMBE REGIONAL REFERRAL HOSPITAL

DECEMBER 2024

TABLE OF CONTENTS

ACRONYMS	ii
EXECUTIVE SUMMARY	iii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Structure of the Entity	1
1.2 Background	1
1.3 Objective of the compliance inspection	1
1.4 Scope of the compliance inspection.....	1
1.5 Methodology	1
CHAPTER TWO: FINDINGS AND RECOMMENDATIONS	3
2.1. Compliance by the entity with the general provisions of the ppda act, cap. 205 and ppda regulations with regard to the performance of the procurement structures and conduct of procurement processes	3
2.2 Compliance of the Entity's disposal processes with the provisions of the PPDA Act, Cap. 205 and Attendant Regulations	14
2.3 Efficiency and Effectiveness in contract management including the application of the Environmental, Social, Health and Safety (ESHS) requirements in the procurement processes at the Entity	15
CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY	19
3.1 Overall Procurement Performance	19
3.2 Recommended Action Plan.....	21
APPENDICES	24
Appendix 1: Transaction list of audited files for FY 2023/24	24
Appendix 2: Risk Rating Criteria	25
Appendix 3: Some of the Hospital assets that are not engraved.....	25
Appendix 4: Member in the Procurement and Disposal Unit.....	26
Appendix 5: List of the Contracts Committee members	27
Appendix 6: List of User Departments	27

LIST OF TABLES

Table 1: Procurement plan implementation rate analysis	3
Table 2: Partially implemented and unimplemented previous audit recommendations for FY 2022/2023	4
Table 3: Procurements irregularly undertaken using the micro procurement method.....	6
Table 4: One-off procurements under framework arrangement	7
Table 5: Procurements with no witnesses from the Contracts Committee or User Department during bid opening	8

Table 6: Procurements with anomalies at the bid evaluation stage	9
Table 7: Framework contracts without the Solicitor General's approval	13
Table 8: Expired drugs.....	14
Table 9: Procurements where ESHS requirements were not provided for	15
Table 10: Construction works not completed within the contractual periods	16
Table 11: Procurements with delayed payments	17
Table 12: Performance Rating	19
Table 13: Summary of performance of Yumbe Regional Referral Hospital	19
Table 14: Recommended Action Plan	21

LIST OF FIGURES

Figure 1: Risk Rating by Number	20
Figure 2: Risk Rating by Value	20

ACRONYMS

ESHS	Environment, Social, Health and Safety Safeguards
FY	Financial Year
Ltd	Limited
PPDA	Public Procurement and Disposal of Public Assets Authority
UGX	Uganda Shillings
VAT	Value Added Tax

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the compliance inspection of Yumbe Regional Referral Hospital that covered a sample of 10 procurement transactions under Financial Year 2023/24. The overall objective of the compliance inspection was to assess and establish the degree of compliance of Yumbe Regional Referral's procurement system and processes with the provisions of the PPDA Act, Cap 205 and the PPDA Regulations and assess the level of procurement performance over the compliance inspection period.

From the findings of the compliance inspection exercise, the performance of Yumbe Regional Referral Hospital for Financial Year 2023/24 was **moderately satisfactory** with an average weighted risk rating of **42.62%** as per the ranking in table 22 in Chapter 3 of this compliance inspection report.

The following key exceptions were noted:

1. The Pharmacy Unit under the Inpatient Services Department had expired drugs in its store that created a risk of public health hazards as a result of keeping such items in the Hospital store for long. Notably, there was no evidence of efforts made by the Accounting Officer to inform the District Health Officer of Yumbe district or the National Medical Stores about the expired items to make arrangements for their collection contrary to Clause 18.3.1.1. (5) of the Uganda Essential Medicines and Health Supplies (EMHS) Manual for Financial Years 2023-2026 that was issued in June 2023.
2. The evaluation committee did not remove VAT component worth UGX 2,330,460 per month from the best evaluated bidder's price (Awoyo and Family Investment Company Limited) given that the provider was not VAT registered according to its TIN 1019067602, in the procurement for provision of Hospital internal cleaning. This put the Entity at a risk of incurring a potential financial loss of UGX 41,948,280 for the entire duration of the contract period of 18 months.
3. Failure to fully implement 46.4% of the PPDA audit recommendations for FY 2022/2023 contrary to Section 10 (1) (a) of the PPDA Act, Cap. 205. This is a red flag for inadequate internal controls and affects the performance of the procurement and disposal function in the Entity.
4. Thirty-five of the Hospital's procured assets were not engraved contrary to Clause 2.2.4 (ix) bullet No.11 of the Government of Uganda Asset Management Framework and Guidelines issued in October 2020. Without asset engraving/tagging, it makes it difficult for the Entity to streamline maintenance/repair workflows and prevent loss/theft since assets cannot be easily identified/tracked.
5. The Entity did not provide for ESHS requirements in the bidding documents of three procurements worth UGX 84,057,608 contrary to Section 66 of the PPDA Act, Cap. 205. This compromised the health, safety and security of the workers, community and materials on site during execution of the works.
6. Failure by the Accounting Officer to obtain the Solicitor General's approval of eight framework contracts worth UGX 3,702,300,426, despite the fact that the estimate per procurement requirement exceeded the threshold of UGX 200 million, contrary to Statutory Instrument No. 97 of the Constitution of Uganda (Exemption of Particular Contracts from Attorney General's Legal Advice (Amendment) Instrument, 2014. Therefore, the Entity did not adequately mitigate risks that could potentially arise during execution of such high value contracts.

7. The Contract Managers did not prepare contract implementation plans for all the 10 sampled procurements worth UGX 862,880,338 contrary to Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023. This hindered effective monitoring and supervision of contracts and could lead to non-performance or under performance by the providers.

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

1. The Accounting Officer should:
 - i) Inform the District Health Officer of Yumbe district or the National Medical Stores about the expired items, especially when they come for supervisory visits so that they can arrange to collect the expired drugs in accordance with Clause 18.3.1.1. (5) of the Uganda Essential Medicines and Health Supplies (EMHS) Manual for Financial Years 2023-2026 that was issued in June 2023.
 - ii) Task the Pharmacy Unit of the Inpatient Services Department to look into the cores factors that gave rise to the expiry of the drugs in their custody and the measures to be taken to avoid a repeat of the same.
 - iii) Recover and submit to the Authority evidence of recovery of VAT worth UGX 13,982,760 from the provider, Awoyo and Family Investment Company Limited, for the six months of services undertaken in the provision of Hospital internal cleaning services.
 - iv) Task the evaluation committee to show cause why disciplinary action should not be taken against them for failure to remove the VAT component worth UGX 2,330,460 per month from the best evaluated bidder's price (Awoyo and Family Investment Company Limited) given that the provider was not VAT registered according to its TIN 1019067602, in the procurement for provision of Hospital internal cleaning.
 - v) Consider engaging the service provider, Awoyo and Family Investment Company Limited, with the objective of amending the contract to remove the VAT component from the hospital internal cleaning services contract, in light of the fact that the provider is not VAT registered.
 - vi) Engage all relevant stakeholders to implement all the Authority's recommendations to improve procurement performance in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.
 - vii) Procure a service provider to engrave all the Hospital's assets in order to safeguard and secure the Government of Uganda assets in accordance with Clause 2.2.4 (ix) bullet No.11 of the Government of Uganda Asset Management Framework and Guidelines issued in October 2020.
 - viii) Submit draft framework contracts whose estimated value exceeds the threshold of UGX 200,000,000 to the Solicitor General for approval before contracts are signed with providers in accordance with Statutory Instrument No. 97 of the Constitution (Exemption of Particular Contracts from Attorney General's Legal Advice) Instrument, 2014 and Regulation 6 (1) (f) of the PPDA (Contracts) Regulations, 2023.
2. The Head Procurement and Disposal Unit should prepare bidding documents for works with statement of requirements that are environmentally and socially responsive in accordance with Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

3. The Contracts Committee should scrutinize all sections of the bidding documents for completeness and appropriateness, for example incorporation of ESHS requirements in the statement of requirements, before they approve the bidding documents for issue in accordance with Section 30 (e) of the PPDA Act, Cap. 205.
4. User Departments should task Contract Manager to prepare contract management plans using Form 49 and forward a copy of the contract management plan to the to the Procurement and Disposal Unit for purposes of monitoring in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023.

Yumbe Regional Referral Hospital should implement the recommended action plan on Pages **21 - 23** of this report to improve procurement and disposal performance.

CHAPTER ONE: INTRODUCTION

1.1 Structure of the Entity

According to Section 28 (1) of the PPDA Act Cap 205, the Accounting Officer has the overall responsibility for the execution of procurement and disposal processes in the Entity. The Accounting Officer of Yumbe Regional Referral Hospital during the Financial Year under inspection was Dr. Patrick Odong. The composition of the Procurement and Disposal Unit; the Contracts Committee and the User Departments are detailed in Appendices 4, 5 and 6 respectively.

1.2 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the compliance inspection of Yumbe Regional Referral Hospital that covered a sample of 10 procurement transactions under Financial Year 2023/24, vide Appendix 1.

1.3 Objective of the compliance inspection

The overall objective of the compliance inspection was to assess the effectiveness and efficiency of the 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 were to assess the level of:

1. Compliance by the Entity with the general provisions of the PPDA Act, Cap. 205 and PPDA Regulations with regard to the performance of the procurement structures and conduct of procurement processes;
2. Compliance of the Entity's disposal process with the provisions of the PPDA Act, Cap. 205 and Regulations; and
3. Efficiency and effectiveness in contract management 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 compliance inspection covered a sample of 10 procurement transactions worth UGX 862,880,338 conducted in the Financial Year 2023/2024, vide Appendix 1.

1.5 Methodology

Two Senior Officers conducted the exercise under the supervision of the Regional Manager. During the exercise. They examined records and documents for each sampled procurement transaction and obtained relevant and sufficient evidence to derive the compliance inspection conclusions. This involved a review of the Entity's procurement/disposal planning, initiation, bidding, evaluation, contract placement and management.

During the compliance inspection exercise, the auditors met with the staff from the Procurement and Disposal Unit, Contracts Committee, Internal Audit and User Departments where necessary, to obtain crucial qualitative information about the internal control system and processes in place.

A debrief meeting to discuss the preliminary findings that arose during the audit was held with the Entity management and staff on **6th November 2024** before the auditors could embark on preparation of the management letter.

The management letter was sent to the Entity on **15th November 2024** with a requirement to submit a management response by **19th November 2024**. The Entity submitted its response to the Authority on **25th November 2024**.

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

CHAPTER TWO: FINDINGS AND RECOMMENDATIONS

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

2.1.1 Procurement plan implementation rate

The Authority reviewed the procurement reports submitted for the Financial Year 2023/2024 and noted that the Entity procured items worth UGX 4,128,629,880 which amounted to 82% of the planned procurement value of UGX 5,035,787,999. Thus implying that planned procurements estimated at UGX 907,158,119 were not implemented as indicated in Table 1 below:

Table 1: Procurement plan implementation rate analysis

Total procurement plan value (UGX)	5,035,787,999
Total procurement spend value (UGX)	4,128,629,880
Procurement plan implementation rate (%)	82%
Procurement plan implementation variance (UGX)	907,158,119

Implication

Failure to execute planned procurements worth UGX 907,158,119 denied service delivery to the intended beneficiaries.

Management response

The Accounting Officer noted this. Much as 82% of the procurements were implemented, electricity expenses worth UGX 240,000,000 and water expenses worth UGX 25,000,000 were erroneously included in the procurement plan. In addition, there were micro procurements which were not reported by the User Departments to the Procurement and Disposal Unit for ratification. The Procurement and Disposal Unit has noted this and pledges to improve on this in the future.

Recommendations

1. The Accounting Officer should always endeavour to execute all planned procurements in order to deliver services to the intended beneficiaries and avoid returning the unspent balances to the Consolidated Fund.
2. User Departments should on a monthly basis report to the Procurement and Disposal Unit all micro procurements undertaken. In the event that amendments are made to the departmental workplans, User Departments should in writing inform the Procurement and Disposal Unit to update the procurement plan in accordance with Regulation 4 of the PPDA (Procurement Planning) Regulations, 2023.
3. The Procurement and Disposal Unit should:
 - i) Prepare monthly reports for the Contracts Committee in accordance with Section 33 (p) of the PPDA Act Cap. 205.
 - ii) Submit to the Authority a monthly report on the procurement activities undertaken by the Entity including micro procurements in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

2.1.2 Failure to fully implement the PPDA audit recommendations for FY 2022/2023

The Authority issued the Entity with a compliance audit report for FY 2022/2023 on 22nd December 2023. Out of the 28 recommendations made, 16 recommendations (57.1%) were implemented, seven recommendations (25%) were partially implemented and five recommendations (17.9%) were not implemented as indicated in Table 2 below:

Table 2: Partially implemented and unimplemented previous audit recommendations for FY 2022/2023

Audit Recommendation	Status	Management response
<p>The Accounting Officer should:</p> <ol style="list-style-type: none"> Follow up with the Ministry of Public Service to fill the vacant position of a Procurement Officer. Submit draft framework contracts whose estimated value exceeds the threshold of UGX 200,000,000 to the Solicitor General for approval before contracts are signed with providers in accordance with Statutory Instrument No. 97 of the Constitution (Exemption of Particular Contracts from Attorney General's Legal Advice) Instrument, 2014. Write to URA to recover UGX 30,780,000 from Rokoto Multipurpose Center SMC Ltd for the contract of provision of Hospital cleaning (external) of Yumbe RRH for FY 2022/23. 	<p>Not implemented</p> <p>Not implemented</p> <p>Not implemented</p>	<ol style="list-style-type: none"> <i>The Accounting Officer followed up with the Ministry of Public Service and the Senior Procurement Officer was recruited, however, the gap of the Procurement Officer is not yet filled.</i> <i>The Entity has noted this concern with positivity. Consultations were done with the Office of the Solicitor General, but there was no response.</i> <p>Authority's comment <i>There was no evidence submitted to support the Entity's management response. Therefore, draft framework contracts whose estimated value exceeds the threshold of UGX 200,000,000 should be submitted officially to the Solicitor General, and follow-ups made thereafter.</i></p> <ol style="list-style-type: none"> <i>The Accounting officer has noted this and is going to write to URA for the recovery as soon as possible.</i>
<p>The Head Procurement and Disposal Unit should:</p> <ol style="list-style-type: none"> Prepare bidding documents for each procurement requirement using the standard bidding documents issued by the Authority in accordance with Section 31 (i) of the PPDA Act, 2003. Ensure that all procurement process stages are followed and evaluation of bids for supplies 	<p>Partially implemented</p> <p>Partially implemented</p>	<ol style="list-style-type: none"> <i>The Head Procurement and Disposal Unit has taken note of this concern and will prepare the bidding documents for each procurement requirement as and when needed.</i> <i>Management will ensure that all procurement process stages are followed and evaluation of bids for supplies conducted in accordance with Regulation 6</i>

Audit Recommendation	Status	Management response
<p>conducted in accordance with Regulation 6 of the PPDA (Evaluation) Regulations, 2014.</p> <p>3. Ensure that contract terms are consistent with the bidding document requirements to ensure transparency and fairness in public procurement in accordance with Section 45 of the PPDA Act, 2003.</p>	Partially implemented	<p><i>of the PPDA (Evaluation) Regulations, except for micro procurements.</i></p> <p>3. <i>Management has noted this and pledges to ensure that the contract terms are consistent with the bidding document requirements to ensure transparency and fairness in public procurement.</i></p>
<p>User Departments should:</p> <p>1. Propose technical specifications to the Procurement and Disposal Unit in accordance with Section 34 (c) and (d) of the PPDA Act, 2003.</p> <p>2. Contract managers should upon their appointment prepare contract management plans using Form 49 in accordance with Regulations 52 (1) and 51 (3) of the PPDA (Contracts) Regulations, 2014 respectively.</p> <p>3. Ensure that providers meet all performance obligations as per the terms and conditions of a contract, in accordance with Regulation 53 (3) (a) (i) of the PPDA (Contracts) Regulations, 2014.</p> <p>4. Appraise the performance of the providers and report on their performance to the Procurement and Disposal Unit in accordance with Regulation 53 (3) (f) of the PPDA (Contracts) Regulations, 2014.</p> <p>5. Submit a monthly report on the progress or completion of any contracts to the Accounting Officer and give a copy to the Procurement and Disposal Unit in accordance with Regulation 53 (3) (g) of the PPDA (Contracts) Regulations, 2014.</p>	<p>Partially implemented</p> <p>Partially implemented</p> <p>Partially implemented</p> <p>Not implemented</p> <p>Not implemented</p>	<p>1. <i>This is noted. User Departments will continue to be guided on how to improve on the technical specifications.</i></p> <p>2. <i>This concern is noted and will be adhered to for subsequent contracts.</i></p> <p>3. <i>This is noted. The performance obligations will be followed as per the terms and conditions of a contract.</i></p> <p>4. <i>This is noted. Appraisal of the performance of the providers will be done in accordance with the PPDA Regulations.</i></p> <p>5. <i>This is noted. Monthly reports will be submitted on the progress of the contracts and after completion.</i></p>
<p>The Contracts Committee should scrutinize all sections of the draft contracts for completeness and appropriateness before approving them for issue in accordance with Section 28 (1) (e) of the PPDA Act, 2003.</p>	Partially implemented	<p><i>The Contracts Committee has noted this and will ensure that all sections of the draft contracts handled are complete.</i></p>

Implication

Failure to fully implement the Authority's audit recommendations is a red flag for inadequate internal controls and affects the performance of the procurement and disposal function in the Entity.

Recommendation

The Accounting Officer should engage all stakeholders to develop strategies on implementation of all the Authority's recommendations in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.

2.1.3 Failure to follow the rules and methods of procurement of supplies, works and non-consultancy services

The Authority found that the procurement methods used by the Entity were contrary to the rules and methods of procurement of supplies, works and non-consultancy services as detailed below:

i) Use of the micro procurement method instead of the request for quotations procurement method

The Authority found that the Entity used the micro procurement method and its procedures in two procurements worth UGX 103,005,450 as listed under Table 3 instead of using the request for quotations procurement method and its procedures. Notably, the estimated market prices at initiation exceeded the threshold for micro procurements. This was contrary to Paragraph 2.3 of the PPDA Guideline 1/2014 (Thresholds for Procurement Methods).

Table 3: Procurements irregularly undertaken using the micro procurement method

No.	Subject of procurement	Estimated Amount at initiation (UGX)	Contract Amount (UGX)
1.	Provision of fumigation services	43,370,574	40,181,450
2.	Supply of biomedical equipment	65,700,000	62,824,000
Total		109,070,574	103,005,450

Implication

The hindered competition in the procurement process hence exposing the Entity to the risk of not achieving value for money in the procurements.

Management response

Management has taken note and will correct this anomaly, although the providers were obtained from the prequalified list for the above procurements.

Recommendation

The Head Procurement and Disposal Unit should use the quotation method where the estimated value of the supplies or non-consultancy services is greater than UGX 5,000,000 but does not exceed UGX 200,000,000 in accordance with Paragraph 2.3 of the PPDA Guideline 1/2024 (Thresholds for Procurement Methods).

ii) Use of framework contracts for one-off procurement requirements

The Authority found that the Entity used the open domestic bidding procurement method to enter into two framework agreements worth UGX 64,455,000 for requirements in Table 4 that were a one-off contrary to Paragraph 1.4 of the PPDA Guideline 10/2014 (Guidance on Use of Framework Contracts for Procurement of Supplies, Works and Non-Consultancy Services)

which provided that: *“Framework contracts should not be used for supplies, works or services which are required occasionally, or which could be purchased by a single lump sum contract. Where the quantity of supplies or services and the times they are needed is well defined in advance, a lump sum contract should be used since it is more appropriate.”*

In addition;

- a) There were no estimated quantities and schedules of unit rates in the framework contracts contrary to Regulation 18 (1) and (2) of the PPDA (Contracts) Regulations, 2014. As a result, call off orders were issued at the Entity’s estimated market prices.
- b) Call Off Orders were issued against expired contracts.

Table 4: One-off procurements under framework arrangement

No.	Subject of procurement	Date of expiry of framework contract	Call Off Order Date	Contract Amount (UGX)
1.	Repair and installation of burglary proof	19 th September 2023	14 th November 2023	24,477,000
2.	Renovation of the Hospital lagoon, treatment, maintenance and stabilization of the pond	6 th September 2023	7 th November 2023	39,978,000
Total				64,455,000

Implications

- There was no benefit of competition realized under this framework arrangement since the Entity procured the items at its own estimated market prices instead of obtaining competitively priced bids.
- The call off orders issued were void making the terms and conditions unenforceable.

Management response

Management has taken note of the concern and will use lump sum contracts where the content, duration and outputs of the procurements are well defined in accordance with Section 97 of the PPDA Act Cap.205 as advised by the Authority.

Recommendation No.2 is noted by management and will be implemented as guided accordingly.

Recommendations

1. The Head Procurement and Disposal Unit should use lump sum contracts where the content, duration and outputs of the procurements are well defined in accordance with Section 97 of the PPDA Act Cap. 205.
2. Contract managers should always monitor running contracts and in case need arises for contract extension, expedite the process and obtain all the necessary approvals before expiry of the contracts.

2.1.4 Failure by a member of the Contracts Committee or User Department to witness bid opening

The Authority found that the bid opening sessions of four procurements worth UGX 675,817,280 and listed under Table 5 were managed by the Procurement and Disposal Unit without any witnesses from the Contracts Committee or User Department, contrary to Regulation 65 (1) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014.

Table 5: Procurements with no witnesses from the Contracts Committee or User Department during bid opening

No.	Subject of procurement	Contract Amount (UGX)
1.	Provision of hospital external cleaning (12,000,000 per month for 18 months)	216,000,000
2.	Provision of hospital internal cleaning (19,799,460 per month for 18 months)	356,390,280
3.	Supply of medicine, equipment and medical sundries under framework contract	59,727,000
4.	Supply of assorted cleaning materials under framework	43,700,000
Total		675,817,280

Implication

This hindered transparency in the procurement process.

Management response

Management has acknowledged the concern and has agreed to improve on this anomaly.

Recommendation

The Head Procurement and Disposal Unit should inform any member of the Contracts Committee or a person authorized by the User Department to witness bid opening in accordance with Regulation 75 (1) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.5 Statement of the bid validity expiry in days instead of a specific date

The Authority found that the bid validity period requirement was stated as 12 months instead of a specific date in the bidding document for supply of medicine, equipment and medical sundries worth UGX 59,727,000. This was contrary to the PPDA Circular No.1/2013 on Bid Validity Periods and Extensions issued to all Accounting Officers on 10th April 2013.

Implication

Statement of the bid validity expiry in months could lead to miscalculations by bidders of the actual date of expiry required of their bids. This could in turn result into expiry of the bids before conclusion of the procurement process.

Management response

Management has understood the implications of miscalculating the bid validity period by the bidders and pledges to correct this by putting the actual date of expiry required of the bids.

Recommendation

The Head Procurement and Disposal Unit should compute and state in the bidding documents the specific date when the bid validity should expire to avoid miscalculations by bidders in accordance with the PPDA Circular No.1/2013 on Bid Validity Periods and Extensions

2.1.6 Anomalies at the bid evaluation stage

The Authority found anomalies at the bid evaluation stage of five procurements worth UGX 693,380,024 as detailed in Table 6:

Table 6: Procurements with anomalies at the bid evaluation stage

No	Subject of procurement	Exceptions
1.	Renovation of staff house youth friendly space and stores worth UGX 41,660,136	<p>Failure to conduct preliminary and technical bid evaluations under the technical compliance selection evaluation methodology</p> <p>The Authority found that only the financial evaluation of bids was conducted without prior evidence of conducting preliminary and technical evaluation of bids yet the evaluation methodology in the bidding document was the technical compliance selection evaluation methodology.</p> <p><u>Management response</u></p> <p><i>This is noted. We pledge to conduct the technical evaluation of bids in subsequent procurements, although management thought it to be an emergency procurement because the roof was blown by heavy wind. More so, the providers were obtained from prequalified list.</i></p> <p>Authority's comment</p> <p>The Entity's response is noted; however, technical evaluation of bids should be undertaken in accordance with Regulation 19 (3) (d) of the PPDA (Evaluation) Regulations, 2023 to determine whether:</p> <ul style="list-style-type: none">i) The bid adheres to the technical specifications and standards;ii) The proposed work plan and the completion schedule are adequate;iii) The work methods, including the safety precautions and measures proposed are adequate;iv) The documents submitted, including drawings, charts, calculations and data sheets are adequate; andv) The methods proposed for handling materials and the schedules and sources of the materials and equipment are suitable.
2.	Supply of medicine, equipment and medical sundries under framework contract worth UGX 59,727,000	<p>Passing non-compliant bidders</p> <p>The Authority found that under ITB 11.1 (h):</p> <ul style="list-style-type: none">i) The bid validity requirement was 12 months; however, bidders were evaluated against a bid validity period of 90 working days.ii) Bidders were required to submit a copy of their trading licenses for the year 2023/2024; however, the evaluation committee evaluated bidders against submission of a copy of a trading license for the year 2022.

No	Subject of procurement	Exceptions
		<p>iii) Bidders were required to submit a tax clearance certificate for 2023; however, the evaluation committee evaluated bidders against submission of a tax clearance certificate for 2022.</p> <p><u>Management response</u> <i>Management has taken note of the above anomalies and pledges to correct this.</i></p>
3.	<p>Provision of hospital internal cleaning (19,799,460 per month for 18 months) totaling to UGX 356,390,280</p>	<p>Failure to remove 18% VAT component from the bid price of a non-VAT registered provider The Authority found that the best evaluated bidder, Awoyo and Family Investment Company Limited charged VAT worth UGX 2,330,460 yet the bidder was not VAT registered according to their TIN 1019067602 on the Certificate of Registration. This put the Entity at a risk of incurring a potential financial loss of UGX 41,948,280 for the entire duration of the contract period of 18 months.</p> <p><u>Management response</u> <i>This is noted by management. M/s Awoyo and Family Investment Company Limited is unregistered for VAT. A letter was written by this service provider to clarify on the error made in the submitted bid and requested the Hospital to rectify this error. The contract sum was erroneously quoted as 15,277,460 inclusive of 18% VAT yet it was supposed to be UGX 15,277,460 VAT exclusive.</i></p> <p>Authority's comment The Entity's response is noted; however, clarification should have been sought from the provider during evaluation of bids. The Accounting Officer should now consider engaging the service provider, Awoyo and Family Investment Company Limited, with the objective of amending the contract to remove the VAT component in light of the fact that the provider is not VAT registered</p>
4.	<p>Provision of hospital external cleaning (12,000,000 per month for 18 months) totalling to UGX 216,000,000</p>	<p>Passing of a non-compliant bidder The Authority found that the best evaluated bidder, Orange International Limited did not submit a bid securing declaration, a price schedule and offered a bid validity of 90 days against the required 12 months but was irregularly evaluated compliant to the bidding document requirements by the evaluation committee.</p> <p><u>Management response</u> <i>Management has noted this.</i></p>
5.	<p>Renovation of guards' house at water source</p>	<p>i) Passing a non-compliant bidder The Authority found that the best evaluated bidder, Goliga Expert Business Limited did not meet all the requirements of the bidding</p>

No	Subject of procurement	Exceptions
	worth UGX 19,602,608	<p>document, but the bidder was irregularly evaluated as compliant by the evaluation committee.</p> <p>The best evaluated bidder:</p> <ul style="list-style-type: none"> i) Left the bid validity period and completion date blank; ii) Did not submit a tax clearance certificate; and iii) Did not submit registered Powers of Attorney as per the bidding document requirements. <p><u>Management response</u> <i>Management has noted the concern.</i></p> <p>ii) Failure to conduct preliminary and technical bid evaluations under the technical compliance selection evaluation methodology</p> <p>The Authority found that only the financial evaluation of bids was conducted without prior evidence of conduct of the preliminary and technical evaluation of bids yet the evaluation methodology in the bidding document was the technical compliance selection evaluation methodology.</p> <p><u>Management response</u> <i>Yes, this concern has been noted by management. We accept to rectify this anomaly in the subsequent bid evaluations.</i></p>

Implications

- The eligibility and technical ability of the bidders to perform the contracts were not correctly assessed. This exposed the Entity to the risk of contracting ineligible and/or incompetent providers.
- The Entity was exposed to incurring a potential financial loss of UGX 41,948,280 (for the duration of the contract period of 18 months) in purported VAT charged by Awoyo and Family Investment Company Limited yet the company is not VAT registered, for the provision of hospital internal cleaning.

Management response

- *Management has noted this and will write to URA to recover the VAT from M/s Awoyo and Family Investment Company Limited for the five months period paid to the company. Correction on VAT will be made after the Contracts Committee's decision.*
- *Management has noted recommendation No.2 of the Authority and will ensure that the Evaluation Committees are guided well in the future bid evaluations.*

Recommendations

1. The Accounting Officer should
 - i) Recover and submit evidence of recovery to the Authority of VAT worth UGX 13,982,760 from the provider, Awoyo and Family Investment Company Limited, for the six months so far executed in the provision of hospital internal cleaning.

- ii) Consider engaging the service provider, Awoyo and Family Investment Company Limited, with the objective of amending the contract to remove the VAT component in light of the fact that the provider is not VAT registered.
 - iii) Task the evaluation committee to show cause why disciplinary action should not be taken against them for failure to remove the VAT component worth UGX 2,330,460 per month from the best evaluated bidder's price (Awoyo and Family Investment Company Limited) given that the provider was not VAT registered according to its TIN 1019067602, in the procurement for provision of Hospital internal cleaning.
2. Evaluation Committee members should:
- i) Always reject bids that are not substantially compliant and responsive to the bidding documents in accordance with Regulations 16 (2) and 19 (4) of the PPDA (Evaluation) Regulations, 2023.
 - ii) Conduct financial evaluation of bids in accordance with Regulation 21 (2) (b) of the PPDA (Evaluation) Regulations, 2023.

2.1.7 Anomalies at the contracting stage

i) Failure to include a schedule of unit rates in the signed contract

The Authority found that the Entity used the open domestic bidding method to enter into a framework contract that was signed on 16th September with Bioquip Medical Stores Ltd for supply of medicine, equipment and medical sundries; however, there was no price schedule for the unit rates per item contrary to Regulation 18 (1) of the PPDA (Contracts) Regulations, 2014. As a result, call off orders were issued at the Entity's estimated market prices.

Implication

There was no benefit of competition realized under this framework agreement because the Entity procured the items at its own estimated market prices instead of obtaining competitively priced bids.

Management response

Management has taken note and pledges to correct this by sticking to unit rates per item in accordance with Regulation 17 (1) of the PPDA (Contracts) Regulations, 2023.

Recommendation

The Head Procurement and Disposal Unit should ensure that framework contracts include a schedule of unit rates per item in accordance with Regulation 17 (1) of the PPDA (Contracts) Regulations, 2023.

ii) Failure to obtain the Solicitor General's approval of contracts above UGX 200 million

The Authority found that the Entity in FY 2023/2024 entered into framework agreements estimated at UGX 3,702,300,426 for procurements indicated in Table 7 below without obtaining clearance by the Attorney General despite the estimates of each requirement exceeding the threshold of UGX 200 million.

This was contrary to:-

- Statutory Instrument No. 97 of the Constitution of Uganda (Exemption of Particular Contracts from Attorney General's Legal Advice (Amendment) Instrument, 2014 which provides that *"An agreement or contract involving an amount of two hundred million or less is exempted from the application of article 119 (5) of the Constitution."*
- Regulation 7 (1) (f) of the PPDA (Contracts) Regulations, 2014 which provides that *"A Procuring and Disposing Entity shall not issue a contract document, 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, until all relevant agencies, including, the Attorney General make the necessary approval of the contract."*

Table 7: Framework contracts without the Solicitor General's approval

No.	Description of supplies	Estimated Expenditure in FY 2023/2024
1.	Fuel and lubricants	1,097,000,000
2.	Cleaning services	500,000,000
3.	Catering services for workshops/meetings	416,094,000
4.	Office supplies	385,206,426
5.	Welfare of assorted items	374,000,000
6.	Protective gear (PPEs)	330,000,000
7.	Equipment maintenance other than transport equipment	300,000,000
8.	Vehicle maintenance	300,000,000
	Total	3,702,300,426

Implication

By failing to seek the Solicitor General's approval of contracts above UGX 200 million, the Entity did not adequately mitigate risks that could potentially arise during execution of such high value contracts.

Management response

Management has taken note of this anomaly and pledges to correct this in future contracts.

Recommendations

1. The Accounting Officer should submit draft framework contracts whose estimated value exceeds the threshold of UGX 200,000,000 to the Solicitor General for approval before contracts are signed with providers in accordance with Statutory Instrument No. 97 of the Constitution (Exemption of Particular Contracts from Attorney General's Legal Advice) Instrument, 2014 and Regulation 6 (1) (f) of the PPDA (Contracts) Regulations, 2023.
2. Once the draft contracts have been approved by the Solicitor General, the call-off orders issued do not need to be approved by the Solicitor General in accordance with Clause 2.5 of Guideline 10/2014 (Guidance on use of Framework Contracts for Procurement of Supplies, Works and Non-consultancy services).

iii) Failure by Contract Managers to prepare contract implementation plans

The Authority found that the Contract Managers did not prepare contract implementation plans for all the 10 sampled procurements worth UGX 862,880,338.

Implication

Failure to prepare contract implementation plans hinders effective monitoring and supervision of contracts and could lead to non-performance or under performance by the providers.

Management response

Management has noted the issue with concern and pledges to engage the Contract Managers to prepare contract management plans using Form 49 and forward a copy of the contract management plan to the Procurement and Disposal Unit.

Recommendation

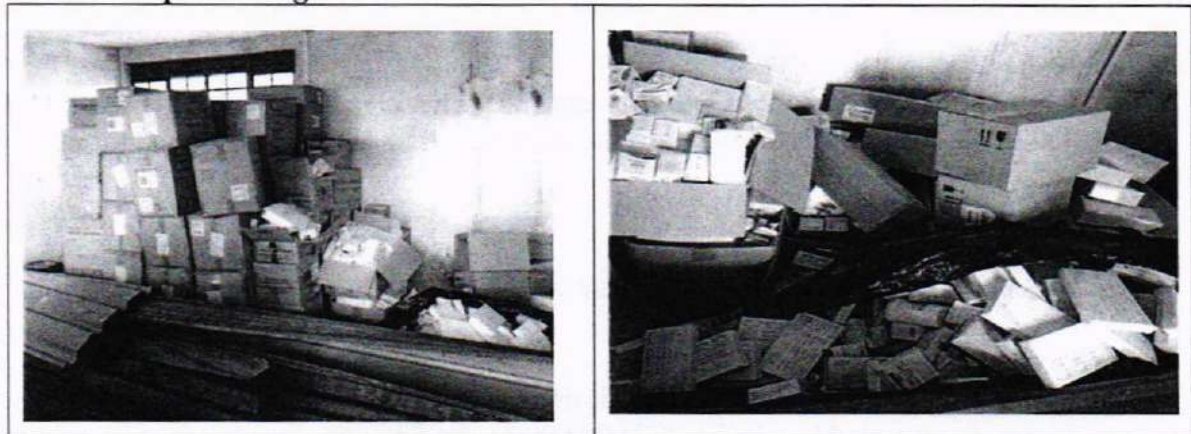
Contract Manager should prepare contract management plans using Form 49 and forward a copy of the contract management plan to the Procurement and Disposal Unit for purposes of monitoring in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023.

2.2 COMPLIANCE OF THE ENTITY'S DISPOSAL PROCESSES WITH THE PROVISIONS OF THE PPDA ACT, CAP. 205 AND ATTENDANT REGULATIONS

2.2.1 Non disposal of expired drugs

According to the Board of Survey report dated 26th August 2024 for FY 2023/2024, Yumbe RRH did not have any assets for disposal; however, there were expired drugs worth UGX 26,717,457 (according to the fourth quarter Internal Audit report) found in the store that were due for disposal as indicated in Table 8:

Table 8: Expired drugs



Implication

There is a risk of public health hazards and relabeling for use as a result of keeping such items in the Hospital store for long.

Management response

The management generated a list of Essential Medicines and Health Supplies which expired for the National Medical Stores to collect them when they come.

Recommendations

1. The Accounting Officer should inform the District Health Officer of Yumbe district or the National Medical Stores about the expired items, especially when they come for supervisory visits so that they can arrange to collect the expired drugs in accordance with Clause 18.3.1.1. (5) of the Uganda Essential Medicines and Health Supplies (EMHS) Manual for Financial Years 2023-2026 that was issued in June 2023.
2. Task the Pharmacy Unit of the Inpatient Services Department to look into the core factors that gave rise to the expiry of the drugs in their custody and the measures to be taken to avoid a repeat of the same.

2.3 EFFICIENCY AND EFFECTIVENESS IN CONTRACT MANAGEMENT INCLUDING THE APPLICATION OF THE ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY (ESHS) REQUIREMENTS IN THE PROCUREMENT PROCESSES AT THE ENTITY

2.3.1 Failure to provide for ESHS requirements

The Authority found that the Entity did not provide for ESHS requirements in the bidding documents of three procurements worth UGX 84,057,608 listed in Table 9. Requirements like waste management, site hoarding, Personal Protective Equipment, tree/grass planting, a functional first aid kit to serve workers on site, HIV/AIDS sensitization and awareness, safety signages on site, among others were not included in the bills of quantities.

Table 9: Procurements where ESHS requirements were not provided for

No.	Subject of Procurement	Contract Amount (UGX)
1.	Repair, maintenance and installation of burglary proofing	24,477,000
2.	Renovation of Hospital lagoon, treatment, maintenance and stabilization of the pond	39,978,000
3.	Renovation of guard's house at water source	19,602,608
Total		84,057,608

Implications

- There is a risk that the health, safety and security of the workers, community and materials on site was compromised during execution of the works.
- This also made it difficult to enforce the ESHS requirements during contract implementation.

Management response

Management acknowledges this concern. Some of the statements of requirements were missing in the bidding documents, but this will be rectified.

Recommendation

The Head Procurement and Disposal Unit should prepare bidding documents for works with statement of requirements that are environmentally and socially responsive in accordance with Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.3.2 Irregular single amendment of a contract by 29.6%

In the provision of hospital internal cleaning worth UGX 274,994,280 (UGX 15,277,460 per month for 18 months); the Authority found that on 22nd May 2024, the Entity amended the contract by a 29.6% single change in price when it added cleaning of the private wing-indoors worth UGX 81,396,000 (UGX 4,522,000 per month). This was contrary to Regulation 54 (4) of PPDA (Contracts) Regulations 2023 which provides that *"A single contract amendment shall not increase the total contract price by more than fifteen percent of the original contract price."*

Implication

A single contract price change of 29.6% was irregular and could prove costly because the Entity was denied the benefit of obtaining competitive bid prices for the cleaning of the private wing-indoors.

Management response

Management has taken note of the concern and pledges to correct this next time.

Recommendation

The Accounting Officer should ensure that a single contract amendment does not increase the total contract price by more than 15% of the original contract price in accordance with Regulation 54 (4) of (PPDA) Regulations 2023. Otherwise, a new tendering process should be undertaken to obtain competitively priced bids.

2.3.3 Delayed completion of works

The Authority found that the contractors failed to perform the works within the intended contractual completion periods in two procurements worth UGX 61,262,744 as indicated in Table 10 below:

Table 10: Construction works not completed within the contractual periods

No.	Subject of procurement	Contractual completion date	Actual completion date	Delay in working days
1.	Renovation of guards' house at water source worth UGX 19,602,608	24 th December 2023	14 th March 2024	59
2.	Renovation of staff house youth friendly space and stores worth UGX 41,660,136	18 th January 2024	29 th February 2024	31
Average delay				45

Implications

- Delayed completion of works delayed service delivery to the intended beneficiaries.
- It may also expose the entity to the risk of increased costs of contract management.

Management response

Management has taken note of the delays and will always task providers to meet all their performance or delivery obligations on time.

Recommendation

Contract Managers should always task providers to meet all performance or delivery obligations as per the terms and conditions of a contract, in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023.

2.3.4 Delay to pay providers

The Authority noted that the payment terms in the signed contracts indicated that the providers would be paid within 30 days after completion of the works/services/supplies. However, the providers in Table 11 were not paid within the 30 days after completion of the works/services/delivery of supplies in four procurements worth UGX 184,643,586 as indicated in Table 11 below:

Table 11: Procurements with delayed payments

No.	Subject of procurement	Contract Amount (UGX)	Date of request for payment	Actual date of payment
1.	Renovation of the Hospital lagoon, treatment, maintenance and stabilization of the pond	39,978,000	15 th January 2024	No evidence of payment
2.	Renovation of staff house youth friendly space and stores	41,660,136	12 th March 2024	13 th May 2024
3.	Provision of fumigation services	40,181,450	12 th March 2024	23 rd May 2024
4.	Supply of biomedical equipment	62,824,000	15 th April 2024	7 th June 2024
Total		184,643,586		

Implications

Delay to pay providers:

- May discourage them from participating in future bidding processes at the Entity hence denying the Entity the benefits of obtaining competitive prices.
- Could lead to accumulation of domestic arrears by the Entity.
- May affect the ability of the providers to re-invest and grow their businesses since these monies are tied in debt by the Government of Uganda.
- May cause them to start charging interest for each delayed payment.

Management response

Management has taken note of the delays and pledges to improve on the timely payment to service providers.

Recommendations

1. The Accounting Officer should pay providers within 30 days from the date of certification of invoices in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations, 2023.
2. Contract Managers should ensure that the Entity meets all its payment obligations in the terms and conditions of the contracts in accordance with Regulation 52 (3) (a) (iii) of the PPDA (Contracts) Regulations, 2023.

2.3.5 Failure to engrave all the Hospital assets

The Authority found that some of the Entity's procured assets, vide Appendix 2, were not engraved contrary to Clause 2.2.4 (ix) bullet No.11 of the Government of Uganda Asset Management Framework and Guidelines issued in October 2020 which provides that: "*All Accounting Officers shall be responsible for ensuring that all assets are engraved.*"

Implication

Without asset engraving/tagging, it makes it difficult for the Entity to streamline maintenance/repair workflows and prevent loss/theft since assets cannot be easily identified/tracked.

Management response

Management has understood the implication of not engraving/tagging the Hospital's assets and will ensure that the assets are engraved.

Recommendation

The Accounting Officer should procure a service provider to engrave all the Hospital's assets in order to safeguard and secure the Government of Uganda assets in accordance with Clause 2.2.4 (ix) bullet No.11 of the Government of Uganda Asset Management Framework and Guidelines issued in October 2020.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section graphically presents the scores per area assessed under the different compliance inspection questions.

3.1 Overall Procurement Performance

The performance of Yumbe Regional Referral Hospital for the Financial Year 2023/24 was moderately satisfactory with an overall weighted average risk rating of 42.62%.

Table 12: Performance Rating

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 13: Summary of performance of Yumbe Regional Referral Hospital

Risk Rating	No.	% by No.	Weight	Weighted score by No.	Value (UGX)	% by Value	Weight	Weighted score by value
High	1	10	0.6	6	356,390,280	41.30	0.6	24.78
Medium	2	20	0.3	6	64,455,000	7.47	0.3	2.24
Low	7	70	0.1	7	442,035,058	51.23	0.1	5.12
Total	10	100	1	19	862,880,338	100	1	32.14

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{19 \times 100}{60} = 31.67\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{32.14 \times 100}{60} = 53.57\%$$

$$\text{The average weighted risk rating} = \frac{31.67 + 53.57}{2} = 42.62\%$$

Figure 1: Risk Rating by Number

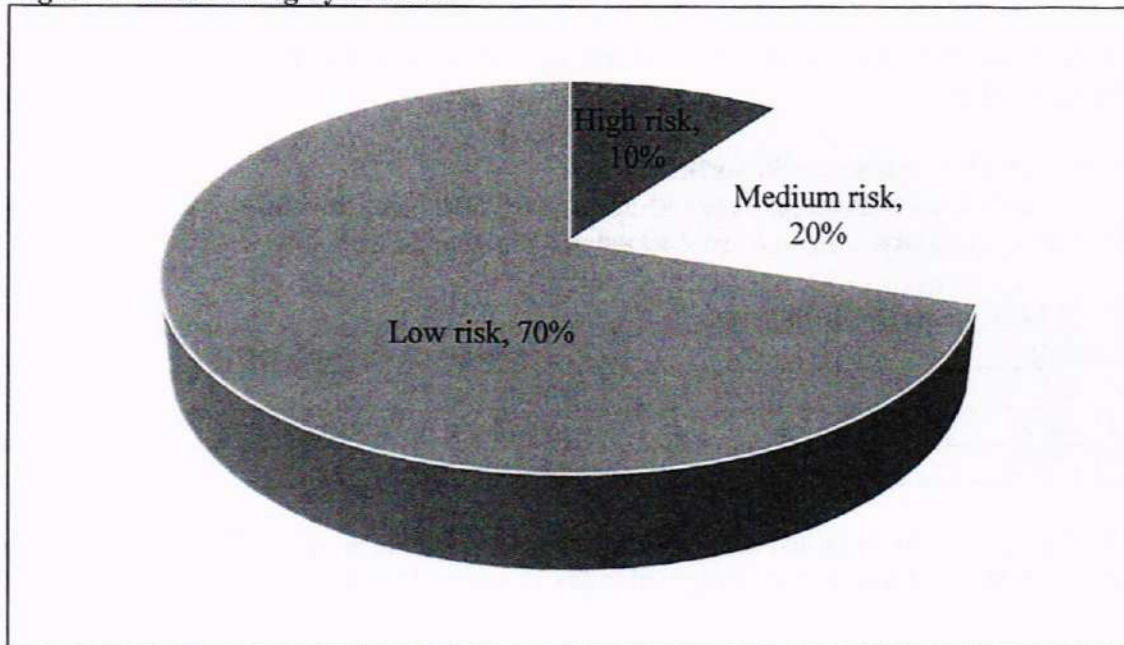
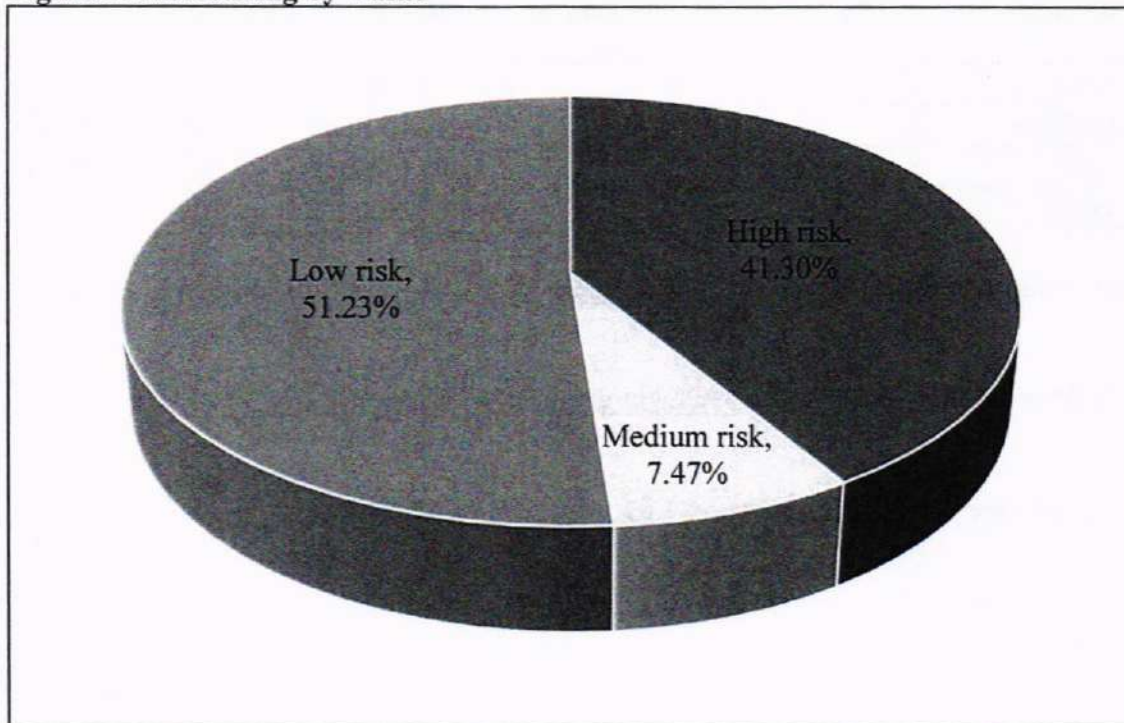


Figure 2: Risk Rating by Value



3.2 Recommended Action Plan

Yumbe Regional Referral Hospital should with immediate effect implement the recommendations in Table 14 to improve its performance in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.

Table 14: Recommended Action Plan

Recommendation	Target date
<p>The Accounting Officer should:</p> <ol style="list-style-type: none">1. Engage all stakeholders to develop strategies on implementation of all the Authority's recommendations in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.2. Inform the District Health Officer of Yumbe district or National Medical Stores about the expired items, especially when they come for supervisory visits so that they can arrange to collect the expired drugs in accordance with Clause 18.3.1.1. (5) of the Uganda Essential Medicines and Health Supplies (EMHS) Manual for Financial Years 2023-2026 that was issued in June 2023.3. Task the Pharmacy Unit of the Inpatient Services Department to look into the cores factors that gave rise to the expiry of the drugs in their custody and the measures to be taken to avoid a repeat of the same.4. Always endeavour to execute all planned procurements in order to deliver services to the intended beneficiaries and avoid returning the unspent balances to the Consolidated Fund.5. Recover and submit evidence of recovery to the Authority of VAT worth UGX 13,982,760 from the provider, Awoyo and Family Investment Company Limited, for the six months of services undertaken in the provision of Hospital internal cleaning services because the company is not VAT registered.6. Consider engaging the service provider, Awoyo and Family Investment Company Limited, with the objective of amending the contract to remove the VAT component in light of the fact that the provider is not VAT registered in the provision of Hospital internal cleaning services.7. Procure a service provider to engrave all the Hospital's assets in order to safeguard and secure the Government of Uganda assets in accordance with Clause 2.2.4 (ix) bullet No.11 of the Government of Uganda Asset Management Framework and Guidelines issued in October 2020.8. Submit draft framework contracts whose estimated value exceeds the threshold of UGX 200,000,000 to the Solicitor General for approval before contracts are signed with providers in accordance with Statutory Instrument No. 97 of the Constitution (Exemption of Particular Contracts from Attorney General's Legal Advice) Instrument, 2014 and Regulation 6 (1) (f) of the PPDA (Contracts) Regulations, 2023.9. Ensure that a single contract amendment does not increase the total contract price by more than 15% of the original contract price in accordance with Regulation 54 (4) of (PPDA) Regulations 2023. Otherwise, a new tendering process should be undertaken to obtain competitively priced bids.	Immediate for all

Recommendation	Target date
10. Pay providers within 30 days from the date certification of invoices in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations, 2023.	
<p>The Procurement and Disposal Unit should:</p> <ol style="list-style-type: none"> 1. Use the quotation method where the estimated value of the supplies or non-consultancy services is greater than UGX 5,000,000 but does not exceed UGX 200,000,000 in accordance with Paragraph 2.3 of the PPDA Guideline 1/2024 (Thresholds for Procurement Methods). 2. Use lump sum contracts where the content, duration and outputs of the procurements are well defined in accordance with Section 97 of the PPDA Act Cap.205. 3. Inform any member of the Contracts Committee or a person authorized by the User Department to witness bid opening in accordance with Regulation 75 (1) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023. 4. Compute and state in the bidding documents the specific date when the bid validity should expire to avoid miscalculations by bidders in accordance with the PPDA Circular No.1/2013 on Bid Validity Periods and Extensions. 5. Ensure that framework contracts include a schedule of unit rates per item in accordance with Regulation 17 (1) of the PPDA (Contracts) Regulations, 2023. 6. Prepare bidding documents for works with statement of requirements that are environmentally and socially responsive in accordance with Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023. 	Immediate for all
<p>User Departments should:</p> <ol style="list-style-type: none"> 1. In writing inform the Procurement and Disposal Unit to update the procurement plan in the event that there are amendments to the departmental work plans in accordance with Regulation 4 of the PPDA (Procurement Planning) Regulations, 2023. 2. Prevail over Contract Managers Contract managers to <ul style="list-style-type: none"> • Always monitor running contracts and in case need arises for contract extension, expedite the process and obtain all the necessary approvals before expiry of the contracts. • Prepare contract management plans using Form 49 and forward a copy of the contract management plan to the Procurement and Disposal Unit for purposes of monitoring in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023. • Task providers to meet all performance or delivery obligations as per the terms and conditions of a contract, in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023. • Ensure that the Entity meets all its payment obligations in the terms and conditions of the contracts in accordance with Regulation 52 (3) (a) (iii) of the PPDA (Contracts) Regulations, 2023. 	Immediate for all

Recommendation	Target date
<p>Evaluation Committee members should:</p> <ol style="list-style-type: none"> 1. Always reject bids that are not substantially compliant and responsive to the bidding documents in accordance with Regulations 16 (2) and 19 (4) of the PPDA (Evaluation) Regulations, 2023. 2. Conduct financial evaluation of bids in accordance with Regulation 21 (2) (b) of the PPDA (Evaluation) Regulations, 2023. 	Immediate for all
<p>The Contracts Committee should scrutinize all sections of the bidding documents and draft contracts for completeness and appropriateness before approving them for issue in accordance with Section 30 (e) of the PPDA Act, Cap. 205</p>	Immediate for all

APPENDICES

Appendix 1: Transaction list of audited files for FY 2023/24

No	Procurement Reference Number	Subject of Procurement	Procurement Method	Provider	Contract Value (UGX)	Rating
1.	YRRH422/SRVCS/2023-2024/00006	Provision of fumigation services	Request for Quotation	Maliama Uganda-SMC Limited	40,181,450	Low
2.	YRRH422/SUPLS/2023-2024/00005	Procurement of laboratory reagents under framework contract	Open Domestic Bidding	Delmaw Enterprises Limited	17,327,000	Low
3.	YRRH422/SUPLS/2023-2024/00001	Procurement of cleaning materials under framework contract	Open Domestic Bidding	Kadija Juma and Sons Enterprises	43,700,000	Low
4.	YRRH422/SUPLS/2023-2024/00005	Procurement of essential medicines and health supplies under framework for 18months	Open Domestic Bidding	Molecular Bio Scientific Limited	42,400,000	Low
5.	YRRH422/SRVCS/2023-2024/00001	Provision of Hospital internal cleaning under framework for 18 months	Open Domestic Bidding	Awoyo and Family Investment Company Limited	19,799,460 per month	High
6.	YRRH422/SRVCS/2023-2024/00001	Provision of Hospital (external) compound cleaning under framework	Open Domestic Bidding	Orange International Limited	12,000,000 per month	Low
7.	YRRH422/WORKS/2023-24/001	Renovation of guard's house at water source	Request for Quotation	Goliga Expert Business Limited	19,602,608	Low
8.	YRRH422/SUPLS/2023-2024/00007	Procurement of biomedical equipment spare parts	Request for Quotation	Haya General Supplies Company	62,824,000	Low
9.	YRRH422/WRKS/2023-2024/00001	Repair, maintenance and installation of burglary proofing under framework	Open Domestic Bidding	Ismic Engineering Services Limited	24,477,000	Medium
10.	YRRH422/WRKS/2023-2024/00001	Renovation of Hospital lagoon, treatment, maintenance and stabilization of the pond under framework contract	Open Domestic Bidding	Blue Trek Group Limited	39,978,000	Medium
Total					862,880,338	

Appendix 2: Risk Rating Criteria

RISK	DESCRIPTION
HIGH	Such procurements are 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 3: Some of the Hospital assets that are not engraved

Name of Equipment	Quantity	Location
Patient monitors	11	Maternity HDU
Patient beds	12	Maternity HDU
Infant incubator	01	Maternity NICU
Infusion pumps	11	Maternity HDU
	06	Maternity NICU
	07	Paediatric NICU
Double door carbinet	02	Maternity HDU
	01	Maternity NICU
	01	Paediatric NICU
Medicine trolley	02	Maternity HDU
	01	Maternity Labour Suite

Name of Equipment	Quantity	Location
	01	Post Natal
	01	Antenatal WARD
	01	Maternity NICU
	01	Paediatric NICU
	01	Medical Ward
	01	Surgical Ward
	01	OPD
	01	Accident and Emergency
	01	Private Wing
Patient screens	02	Maternity HDU
Laryngo scope	02	Maternity HDU
Syring pumps	04	Maternity HDU
	07	Maternity NICU
	03	Paediatric NICU
	01	Medical Ward
Infant radiant warmer	01	Paediatric NICU
Flow splitter	02	Maternity NICU
Voltage stabilizers	02	Maternity HDU
	01	Maternity NICU
	01	Paediatric NICU

Appendix 4: Member in the Procurement and Disposal Unit

No	Name	Job Title	Academic Qualification	Procurement Certification	Years of Experience
1.	Shamira Sulaiman	Ag. Senior Procurement Officer	Postgraduate Diploma in Procurement and Supply Chain Management	Nil	15

Appendix 5: List of the Contracts Committee members

No	Name	Job Title	Department	Position on Contracts Committee	Appointment Date by PS/ST	Date of Expiry
1.	Dr. Mubarak Nasur	Consultant Pediatrician	Health Services, Inpatient	Chairperson	26 th July 2022	26 th July 2025
2.	Dr. Abdullai Muslim	Medical Officer	Health Services, Prevention & Rehabilitation	Member	26 th July 2022	26 th July 2025
3.	Ms. Daisy Orodiyo	Senior Nursing Officer	Health Services, Immunization	Secretary	26 th July 2022	26 th July 2025
4.	Ms. Rukia Kassim	Hospital Administrator	Hospital Management and Support Services	Member	26 th July 2022	26 th July 2025
5.	Mr. Louis Muhindo	Principal Hospital Administrator	Hospital Management and Support Services	Member	18 th May 2024	18 th May 2027

Appendix 6: List of User Departments

No	User Department	Head of Department	Job Title
1.	Diagnostic Services	Ms. Jerry Aleku	Laboratory Manager (Technician)
2.	Immunisation Services	Ms. Suzan Letio	Nursing Officer
3.	Outpatient Services	Sr. Jacinta Abalo	Principal Nursing Officer
4.	Inpatient Services	Mr. Salim Yada	Senior Nursing Officer
5.	Prevention and Rehabilitation Services	Dr. Zachary Azuruku	Orthopaedic Technologist
6.	Audit and Risk Management	Mr. Abdullai Arison Tabu	Ag. Internal Auditor
7.	Human Resource Management	Mr. Abdullai Saidi Ratib	Principal Human Resource Officer
8.	Records Management	Mr. Emmanuel Ocepa	Senior Medical Records Officer
9.	Hospital Management and Support Services	Mr. Louis Ngobi Muhindo	Principal Hospital Administrator