PARLIAMENT OF UGANDA

PUBLIC ACCOUNTS COMMITTEE REPORT ON THE AUDITOR GENERAL'S FINDINGS ON REGIONAL REFERRAL HOSPITALS COVERING; BUTABIKA HOSPITAL, ARUA HOSPITAL, GULU HOSPITAL, JINJA HOSPITAL, MBALE HOSPITAL, LIRA HOSPITAL , MASAKA HOSPITAL , FORT PORTAL, KABALE HOSPITAL, HOIMA HOSPITAL, SOROTI HOSPITAL, MBARARA HOSPITAL, MOROTO HOSPITAL AND MUBENDE HOSPITAL.

FOR THE FINANCIAL YEARS ENDED 30TH JUNE 2010

OFFICE OF THE CLERK TO PARLIAMENT
PARLIAMENT OF UGANDA
P.O BOX, 7178, KAMPALA

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1.0 Introduction

1 Rt. Hon. Speaker and Hon. Members, I beg to present to this House the Public Accounts Committee Report on the Auditor General's Report for the year ended 30th June 2010, Volume 2 Central Government, covering the Regional Hospitals. The Committee interacted with the Accounting Officers of the various votes under the Health sector and now begs to report as follows;

2.0 Scope

2 The Report covers audit queries of the Auditor General's Report for the year ended 30th June 2010, under Paragraphs 29 Butabika Hospital, 58 Arua Hospital, 59 Gulu Hospital, 60 Jinja Hospital, 61 Mbale Hospital, 62 Lira Hospital ,63 Masaka Hospital , 64 Fort portal, 65 Kabale Hospital, 66 Hoima Hospital, 67 Soroti Hospital, 68 Mbarara Hospital, 69 Moroto Hospital and 70 Mubende Hospital.

3.0 Methodology

3 The Committee received responses to the audit queries from the Accounting Officers of the respective votes, held meetings and analysed the documents submitted to explain the queries under review.

4.0 General observations

4 During the year under review, the sector faced cross cutting challenges and shortcomings. These included;

4.1 Domestic Arrears

5 The entities and especially hospitals had queries related to domestic arrears on utilities (water and Power). This arose partly from lack of special consideration for the nature of services and clientele served by these entities, where water and power are key in their service delivery, and consumption that could not easily be controlled. The budgets for this particular item across all entities fell

Members' Signature

below the actual consumption requirements.

4.2 Human Resources for Health

6 The Hospitals had human resource challenges especially the medical professionals. Some of the entities had staffing gaps in the medical category of more than 50% of the establishment. The glaring staffing gaps compromised the ability of the entities to fulfil their core mandate of providing healthcare services to the population.

4.3 Expired drugs

7 The entities had stocks of expired drugs, arising from; receipt of drugs that were not highly required or had short shelf life, and the change in treatment guidelines like in the case of malaria. This was compounded by the fact that entities lacked the capacity to destroy the drugs, and the NMS that 15 charged with the responsibility to collect and destroy such drugs did not play its part.

4.4 Stores management

8 The entities did not have qualified staff to manage stores. This resulted into poor management of the stores, including lack of proper record keeping.

4.5 Land titles and opening up of boundaries

9 The entities did not have in their possession land titles. The accounting officers were not aware of the boundaries of the health facilities and had their land encroached on by private individuals.

4.6 Update assets registers

10 The entities had shortcomings in recording information in the assets register. A new format was introduced during the year under review, but appropriate training was not carried out. As a result, most entities had problems in conforming to the required format.

Having alluded to the above general observations, allow me move

to the Specific Audit Queries, As Raised In The Audit Report.

5.0 Committee Findings, Observations and Recommendations on Specific Audit Issues

Para 58, Arua Regional Referral Hospital

58.1 Excess expenditure of Shs. 155,189,365=

11 The Auditor General reported excess expenditure amounting to Shs.155, 189,365 which was not approved.

12 The Accounting Officer agreed with the Auditor General's observation. The hospital budgeted to spend Shs. 4,261,425,000= during the FY 2009/10 but the actual expenditure was Shs. 4,416,614,365= The excess arose from the difference in the wage bill allocated to the hospital by Ministry of Public Service and the amount appropriated in the estimate book for F/Y 2009/2010.

Observation and Recommendation

13The Committee observed that the wage bill is a fixed item which does not fluctuate and therefore the explanation of the accounting officer was misleading.

14 The Committee recommends that the accounting officer be held responsible for spending un approved funds amounting to Shs.155, 189,365 and belatedly seeking retrospective approval which was not granted.

58.2 Funds not accounted for:

15 The Auditor General reported that funds amounting to Shs.15,854,543 advanced to various staff for official activities lacked relevant supporting documents, rendering the genuineness of the expenditure doubtful.

16 The Accounting Officer agreed with the Auditor General's observation that a total of Shs 15,854,543 paid to various staff to carry out official activities had not been accounted for at the time of audit. He explained that some of the activities were still ongoing and accountability was subsequently submitted by the concerned officers.

Observation and Recommendation

17 The Committee observed that the accounting officer failed to adhere to the Treasury accounting instructions by not accounting for funds advanced to officers within sixty days from the date of disbursement.

18 The Committee recommends that the accounting officer be held responsible for failure to account for Shs.15, 854,543 advanced to various officers and the same be recovered from the staff.

58.3 Payables

19 The Auditor General reported that out of the payables balance of Shs.52,969, 835 reported on 30th June 2010, the entity settled water bills of Shs.4,196,000 resulting into an outstanding sum of Shs.48, 773,835.

20 The Accounting Officer agreed with the Auditor General's observation. The hospital accumulated bills worth Shs. 48,773,835= hence failure to meet commitments during the year. He further informed the Committee that the accumulated bills accrued from past years especially on water and electricity and had been reported to the Ministry of Finance, Planning and Economic Development, which made some payments.

Observation and Recommendation

21 The Committee observed that Ministry of Finance did not make

sufficient budget provisions for the domestic arrears for water and electricity.

22 The Committee recommends that Ministry of Finance should make sufficient budgetary provisions for the entity to clear domestic arrears on water and electricity.

58.4 Expired drugs

23 Audit inspection of the Hospital stores revealed expired drugs valued at Shs.4, 728,143. Accumulation of expired drugs reduced availability of storage space and there was a risk of the drugs infiltrating into the open market

24 The Accounting Officer agreed with the Auditor General's observation.

Observation and Recommendation

25 The Committee noted that the hospitals did not have the capacity to dispose of expired drugs, as that is the mandate of National Medical Stores.

26 The Committee further observed that during the year under review the hospital received drugs with short shelf life.

27 The Committee recommends that NMS should promptly destroy expired drugs to avert them finding their way to the market.

28 The Committee recommends that NMS should procure and supply drugs with long shelf life.

58.5 Revenue shortfall.

29 The Audit revealed that, out of the budgeted Non-tax Revenue of Shs. 34,000,000, only Shs 15,778,000 was realized resulting into a shortfall of Shs.18, 222,000.

30 The Accounting Officer agreed with the Auditor General's

observation, and attributed it to lack of staff initiatives. Corrective measures had been undertaken through building staff morale, sensitizing patients on the availability of private services and creation of a Private Service Committee. This had resulted into a change in the revenue collection trends exemplified by the collection Shs. 42,000,000 during F/Y 2010/2011, against the set target of shs.24, 000,000.

Observation and Recommendation

31 The Committee observed that failure to collect the targeted non tax revenue affected budget performance as planned activities were not undertaken hence affecting service delivery.

32 The Committee recommends that the Accounting Officer should enhance the capacity of the planning unit to ensure that set targets are met.

58.6 Outstanding Receivables

33 The Auditor General reported an outstanding balance of receivables amounting to Shs.1, 600,000. These were not supported with the debtors schedule and besides, the debts have been outstanding for more than twelve months indicating inadequate debt recovery.

34 The Accounting Officer informed the Committee that recovery of Shs. 600,000= from Achayo Betty and Shs. 1,000,000= from Mr. Drani Elias was being done through recoveries from their emoluments in installments.

Observation and Recommendation

35 The Committee noted the explanation, and recommends that the Accounting Officer be held responsible for failure to recover the funds within the year under review.

58.7 Failure to board off vehicles

36 The Auditor General observed that three (3) vehicles recommended by the Board of survey for boarding off were not disposed.

37 The Accounting Officer informed the Committee that the disposal of the vehicles delayed as a result of delays to get the Chief mechanical Engineer to inspect and value the vehicles.

Observation and Recommendation

38 The Committee observed that the accounting officer took no formal steps to get the chief mechanical engineer to inspect and value the vehicles.

39 The Committee recommends that the Accounting Officer be held responsible for neglect of duty.

58.8 Lack of Land title for the Hospital

40 The Auditor General reported that the hospital land described as plot No.M43 covering 17.109 acres lacked a land title.

41 The Accounting Officer informed the Committee that the land title for the expanded piece of land was being processed but there were delays by Lands office in completing the task.

Observation and Recommendation

42 The Committee observed that there was no evidence to substantiate the assertion and recommends that the Accounting Officer fast tracks the process of obtaining the certificate of title.

Para 59, Gulu Regional Referral Hospital

59.1 Anomalies in record keeping and preparation of financial statements

59.1.1 Inadequate Maintenance of Records.

43 The Auditor General reported that records such as abstracts, ledgers and vote control registers were not maintained as such the audit team was unable to confirm the accuracy of figures reported in the financial statements.

44 The Accounting officer agreed with the Auditor General's observation. The anomalies had not been addressed by the time of verification because the relevant documents had been taken by the Medicines and Drug Monitoring Unit, and consequently to Anti-Corruption court as exhibits for alleged mismanagement of funds by the former management. Other documents had been reported stolen from the former Medical Superintendent hence rendering posting incomplete.

Observation and Recommendation

45. The Committee observed that failure to promptly update records and carrying out book reconciliation would be used to facilitate fraud.

46 The Committee recommends that the books should be promptly updated, record keeping enhanced and cash books should be reconciled regularly.

59.1.2 Payables

47 The Auditor General reported that the balance sheet showed a payables figure of Shs.533, 663, 438, but note 26 to the accounts did not show details of the above payables figure.

48 The Accounting Officer agreed with the Auditor General's

observation. A list of payables was submitted to the Committee.

Observation and Recommendation

49 The Committee observed that the Accounting Officer agreed with the audit observation.

50 The Committee recommends that the Accounting Officer be held responsible for failure to incorporate a note in the final account showing details of payables and for failing to avail the payables ledger and individual files for verification to the auditors.

59.1.3 Unauthorized Expenditure

51 The Auditor General reported over expenditure amounting to Shs.487, 277,269 in excess of the amounts appropriated for the Year 2009/10. However, there was no proof of authority

52 The Accounting Officer submitted that the expenditure was under investigation by Medicines and Drug Monitoring Unit and the matter was before the Anti-Corruption court.

Observation and Recommendation

53 The Committee observed that the Accounting Officer spent over and above the approved budget without authority.

54 The Committee recommends that since powers to appropriate are vested with Parliament, the Accounting Officer should be held responsible for spending over and above the approved budget without authority.

59.2 Incompletely vouched expenditure

55 The Auditor General reported that shs.134, 164,532 was advanced to various hospital officials and firms to carry out Hospital activities during the financial year under review. The payment vouchers revealed that these payments were not supported with

adequate accountability documents.

56 The Accounting Officer submitted that in some cases the officers had provided the supporting documents and others had not.

Observation and Recommendation

57 The Committee observed that the Treasury Accounting Instructions require funds advanced by the Accounting Officer to be accounted for within 60 days from the date of disbursement and any money not accounted for to be recovered from the officers' salary.

58 The Committee recommends that Shs. 134,164,532 not accounted for be recovered from each individual officer who failed to account within the statutory time and the respective firms.

59 The Committee further recommends that the Accounting Officer be held liable for failure to account for Shs.134, 164,532 advanced to various officers to undertake activities within the entity.

59.3 Irregular Procurement of Services

60. The Auditor General reported that Shs.38, 807,020 was spent on provision of services to the hospital but there were no management files in place to facilitate verification.

61 The Accounting Officer failed to avail the Procurement files to the Committee.

Observation and Recommendation

62. The Committee observed that the Treasury Accounting Instructions require accounting officers to keep documents for audit and court purposes.

63 The Committee recommends that the Accounting Officer be held liable for failure to avail documents to auditors.

59.4 Stamping of payment vouchers "PAID"

64 Auditor General observed that all the paid payment vouchers and the attached documents were not stamped "PAID" contrary to the requirement under Regulation 125 of the Treasury Accounting Instructions (TAIs) 2003.

65. The Accounting Officer agreed with the Auditor General's observation.

Observation and Recommendation

66. The Committee observed that not stamping on payment vouchers "PAID" can lead to duplication of payments.

67. The Committee recommends that the Accounting Officer be held responsible for neglect of duty.

59.5 Inspection Report

59.5.1 Expired drugs

68. Audit revealed that expired drugs worth Shs.6, 266,305 were found on the drug store shelves during the time of the audit inspection.

69. The Accounting Officer agreed with the Auditor General's observation and explained that at the time of meeting the Committee, NMS had collected the expired drugs for disposal.

Observation and Recommendation

70 The Committee observed that the Accounting Officer neglected his duty when he failed to notify Ministry of Health of the existence of expired drugs there by leaving them on the shelves which posed a danger of finding their way to the market.

71 The Committee recommends that the Accounting Officer be held responsible for negligence of duty.

59.5.2 Drug store

72 Audit inspection carried out in the drug store noted that the environment under which drugs were stored was poor. The ceiling of the drug store had developed cracks and a portion of it had collapsed.

73 The Accounting Officer agreed with the Auditor General's observation. The problem had been solved by relocating the drug store to a better place and a new store was under construction.

Observation and Recommendation

74 The Committee noted the explanation and recommends that stores management function should be enhanced together with supervision.

59.6 Special Audit

59.6.1 Diversion of Capital Development Funds

75 Audit observed that the Hospital received a total of Shs.3, 621,415,000 as capital development fund for financial years 2008/09 and 2009/10. The funds were deposited in a Stanbic Account which served both as recurrent and development account. Only Shs.1, 714, 410,078 was spent on planned capital projects and shs.1, 907,004,922 was utilized on activities that had not been planned and there was no evidence of authority to vire the expenditure.

76The Accounting Officer agreed with the Auditor General's observation.

Observation and Recommendation

77 The Committee observed that this was a case before the Anti-corruption court and recommends that the verdict of the court be awaited.

59.6.2 Contract management irregularities – Construction of staff house, administration block and drug store

78 Audit review of the procurement plan of the FY 2009/10 showed that Shs 458,000,000 was budgeted for completion of the first floor of the staff house and the whole amount was released by ministry of finance, Planning and economic development. However it was observed that the contractor had been paid only Shs. 211,089,492.

79 The Accounting Officer submitted that the financial irregularities in respect of construction of staff house, administration block and drug store were in Anti-Corruption Court where the Accounting Officer then was being charged for the loss.

Observation and Recommendation

80 The Committee observed that whereas Shs 458,000,000 was released for the completion of the first floor of the staff house, only Shs 211,089,492 was spent on the construction and Shs 246,910,508 diverted.

81 The Committee observed that this was a case before the Anti-corruption court and recommends that the verdict of the court be awaited.

59.6.3 Compliance with Procurement Law

(a) Unauthorized procurements

82 The Auditor General observed that Shs.476,647,844 was paid to various service providers during the financial year under review to provide services but there were no procurement and management files in place to facilitate verification.

83. The Accounting Officer informed the Committee that at the time of audit by Office of the Auditor General, PPDA office was also carrying out audit on the same procurements and the files

could not be provided to OAG. By the time of meeting the Accounting Officer, the same files had been taken By Medicines and Drug Monitoring Unit as exhibits for the case before court.

Observation and Recommendation

84 The Committee observed that whereas the accounting officer claimed to have availed the said documents to PPDA, there was no evidence to that effect.

85. The Committee recommends that Accounting Officer be held responsible for flouting the PPDA and the regulations thereunder and be made to refund Shs 476,647,844 allegedly paid to the various suppliers.

(b) Procurement of medical equipment

86. The Auditor General reported anomalies in a contract awarded to supply medical equipment worth Shs.192, 000,000.

87 The Auditor noted that out of Shs. 192,000,000 paid to the supplier only Shs. 172, 000,000 had supporting receipts .The procurement and management files were not availed for audit.

88 The Accounting Officer informed the Committee that the files had been taken by the Medicines and Drug Monitoring Unit as exhibits for the case before court.

Observation and Recommendation

89 The Committee observed that whereas the accounting officer claimed that this matter was before the Anti-corruption court, no evidence was adduced to that effect.

90. The Committee recommends that the Accounting Officer be held responsible for the anomalies in the contract awarded for the supply of medical equipment.

91. The Committee further recommends that the Accounting officer

refunds the un-accounted for Shs. 20,000,000.

(c) Supply of Furniture

92 The Auditor General reported anomalies in a contract awarded to assorted furniture, involving two contracts for the supply of the same goods at different contract prices of Shs.73,384,200 and Shs.50,000,000.

93 The Accounting Officer could not respond as the files were with the Medicines and Drug Monitoring Unit as exhibits for the case before court.

Observation and Recommendation

94 The Committee observed that contrary to the assertion of the Accounting Officer in the audit report that there was one contract of Shs.73, 384,200 it was revealed that payment had reached the tune of Shs. 99,783,062, implying that there was extra payment beyond the said contract figure.

95 The Committee observed with dismay that two contracts were signed on the same day, for the same goods, with the same firm (Lumuco), at different rates/contract values. It was clear to the Committee that these machinations were fraudulent.

96 The Committee confirmed that the document were with the drug monitoring unit. Whereas the accounting officer claimed that this matter was before the Anti-corruption court, no evidence was adduced to that effect.

97. The Committee recommends that the Accounting Officer be held responsible for the anomalies in the contract awarded for the supply of medical equipment and be made to refund Shs. 49,783,062 which was over and above the contract of Shs. 50,000,000.

(d) Extra Budgetary Expenditure

98 Audit observed that the Hospital incurred expenditure amounting to Shs. 77,509,551 on services not approved by Parliament.

99. The Accounting Officer could not respond as the files were with medicines and drug monitoring unit as exhibits for the case before court.

Observation and Recommendation

100 The Committee observed that the documents had been taken by the drug monitoring unit under State House

101 The Committee noted that this was a case before the Anti-corruption court and recommends that the verdict of the court be awaited.

(e) Apparent Financial Loss – Payment on VAT on Exempt Services

102 The Auditor General noted that the Public works related to health sectors were exempt under the second schedule, paragraph 1(a of the Value Added Tax (VAT) Act 1997 (as amended). However, it was observed that VAT amounting to Shs.62, 140,031 was paid to contractors and yet the supplies provided by these contractors are exempt.

103 The Accounting Officer clarified that the Attorney Generals Letter to PS/ST of 9th February 2009 subjected contracts that were in existence before the introduction of VAT Amendment Act 12 2009 to VAT, (Attachment)

Observation and Recommendation

104 The Committee observed that the contracts fell outside the VAT Amendment Act 12 of 2009 as they were running contract which were not affected by the amendment subsequently this query could not be sustained

(f) Unacknowledged tax deductions

105 Audit observed that tax deductions amounting to Shs 50,896,523 were not supported by the official acknowledgement receipts or certificates from the commissioner/ the tax body.

106 The Accounting Officer submitted that deductions had not been remitted and URA subsequently froze the hospital bank account, and recovered the payments from the Hospital Account. Evidence of remittance was given.

Observation and Recommendation

107 The Committee observed that there was laxity on the part of the Accounting Officer and recommends that the Accounting Officer be held responsible for neglect of duty thereby causing penalties to be charged on the entity.

(g) Treasury Management

108 The Auditor General noted that Management operated only one Stanbic Bank Account No.0140087563701 which served as both a Collection and Operations/Expenditure Account.

109 The Accounting Officer submitted evidence to show that a separate account had been opened for capital development funds in standard chartered bank.

Observation and Recommendation

110 The Committee observed that the Accounting Officer took heed of the Auditor Generals' advise and acted on his advice although belatedly.

111 The Committee recommends the Accounting Officer should enhance supervision in the entity to avoid waiting for Auditor General's report.

(h) Loss of Cheque Book Counterfoils

112 The Auditor General noted that Cheque book counterfoils could not be traced at the time of audit as the cheques were purportedly stolen. There was no evidence of a loss report.

Observation and Recommendation

113. The Committee observed that this was a case before the Anti-Corruption Court and recommends that the verdict of the court be awaited.

i) Numbering of payment vouchers

114 Although the payment vouchers were pre-numbered, they were not used and filed in sequential order making it difficult to track the payments.

115 The Accounting Officer agreed with the Auditor General's observation.

Observation and Recommendation

116 The Committee observed that the entity did not have a proper filing system to facilitate easy tracking and retrieval of documents.

117 The Accounting Officer should be held responsible for failure to put in place a proper filing system to facilitate easy tracking and retrieval of documents.

Para 60, Jinja Regional Referral Hospital

60.1 Domestic Arrears

118 The Auditor General reported that the hospital accumulated domestic arrears amounting to Shs.360,899,368 of which Shs.191,900,052 related to the current year and Shs.168,999,316 was for the previous year. Included in the domestic arrears was a sum of Shs.150, 21,28 relating to utilities.

119 The Accounting Officer agreed that at the time of audit, the Hospital had accumulated domestic arrears amounting to shs.360, 899,368 of which Shs.191, 900,052 related to the year under review and shs.168, 999,316 was for the previous year.

110 Domestic arrears for utilities especially for water arose out of the industrial rates charged by the service provider and increased rates over a period of time without a corresponding increment on the money allocated. The Hospital was meeting only a third of the total monthly bill and the balance carried forward as domestic arrears.

Observation and Recommendation

111 The Committee noted that the utility arrears were a result of inadequate provision and lack of alternative sources of power and water. The Committee recommends that the entity installs alternative sources of power and goes in for water harvesting.

60.2 Expired Drugs

112 Audit inspection of the hospital stores revealed expired medical supplies worth Shs.14, 486,478.

113 The Accounting Officer agreed to the observation but attributed this to reasons beyond them which included short shelf life and change in treatment guidelines. Trimune used to be a first line treatment for HIV/AIDS but later first line treatment was switched to combi pack and patients were switched to combi pack causing the expiry of remaining trimune.

114 There was also change from neverapine to zidovidune for prevention of transmission of HIV/AIDS from infected mothers to new born babies and change in treatment of malaria from chloroquine.

115 A request had been made to the Ministry of Health to dispose

off the items and the exercise was still awaited.

Observation and Recommendation

116 The Committee appreciated the explanation, and recommends that the Accounting Officer links up with NMS to have the drugs collected and destroyed.

60.3. Non Utilization of Intensive Care Unit.

117 The Auditor General observed that in the financial year 2008/2009 the Hospital spent Shs.886, 864,862 from its capital development budget on construction of the intensive care unit. The construction was completed in March 2010. Audit inspection of the facility however, revealed that it was non-functional.

118 The Accounting Officer agreed with the observation. This was the case because the equipment and oxygen installation had not been completed at the time, but this was done in the subsequent financial year. The unit had no permanent doctor, and lacked an anesthesiologist and a bio-medical technician all of whom were essential in running the unit.

Observation and Recommendation

119 The Committee observed that the failure to put the Intensive Care Unit to the appropriate use affected service delivery and the Committee recommends that as a matter of urgency Government provides the required medical personnel.

60.4 Overstaffing

120 Audit review of the Hospital staffing revealed that whereas the approved establishment is 157 the current staffing is 177 resulting into overstaffing by 20 staff. It was however, observed that while some key positions such as consultants were under staffed by 6 staff, the nursing cadres were over staffed by 35 staff.

121 The Accounting Officer agreed with the observation. Evidence was tendered to show that the audit recommendation was adhered to.

Observation and Recommendation

122 The Committee noted the explanation and recommends that the Heath Service Commission should strengthen its supervisory function to address such anomalies in time

Para 61, Mbale Regional Referral Hospital

61.1 Payables

123 Audit observed that Payables amounting to Shs.372, 542,919 were reported as outstanding at the year end and the respective creditors' ledgers showing details of the nature of services provided and amounts owed were not maintained.

124 The Accounting Officer agreed with the Auditor General's observation.

Observation and Recommendation

125 The Committee observed that the creditors' ledger showing goods and services offered and amount owed was not maintained.

126 The Committee recommends that the Accounting Officer be held responsible for failure to maintain the creditor's ledger.

61.2 Advances not accounted for

127 Audit revealed that funds amounting to Shs.82, 325,945 advanced to various officers to implement official activities remained unaccounted at the close of the financial year.

128 The Accounting Officer agreed that administrative advances had not been recovered.

Observation and Recommendation

129 The Committee observed that whereas the Treasury Accounting Instructions require Accounting Officers to account for money advanced to any officer within 60 days from the date of disbursement, the Accounting Officer failed to have Shs. 82,325,945 accounted for within the statutory time.

130 The Committee recommends the Accounting Officer be held liable for failure to account for Shs. 82,325,945 and be made to refund the same.

61.3 Procurement Irregularities

61.3.1 Unclaimed Liquidated Damages on Road Rehabilitation

131 Audit observed that a road rehabilitation contract worth Shs.339, 921,023 was 6 months behind schedule but liquidated damages for the delay were not claimed.

132 The Accounting Officer explained that there were no deductions because the contract document was silent about it. The district engineer technically advised that it was not cost effective to terminate the 2 contracts.

Observation and Recommendation

133 The Committee observed that the contract fell short of the acceptable standards as it did not have liquidated damages clause contract was sent to the Committee was this verified and work was 6 months behind schedule.

134 The Committee further observed that it is a requirement of law that contracts above Shs. 50,000,000 be approved by the Solicitor General and one wonders how the contract of Shs. 339,921,023 got to be approved without the liquidated damages clause

135 The Committee recommends that the Accounting Officer be

held responsible for executing defective contract on behalf of the entity.

61.3.2 Renovation of Casualty Ward

136 Audit observed that the contractor was paid an extra sum of Shs. 33,681,155 as contract variations in respect of the casualty Ward without the relevant contracts committee approval.

137 The Accounting Officer explained that Management relied on the internal Auditor's advice to pay basing on the explanation and documentation by the supervisor of works, the District Engineer. Evidence availed.

Observation and Recommendation;

138 The Committee observed that 33,861,155 were paid as variation of price without approval of the contracts committee hence flouting the PPDA Act and the regulations there under.

139 The Committee recommends that the Accounting Officer be held liable for flouting the PPDA Act and regulations thereunder.

61.3.3 Supply of Roofing Tiles and Ridges for the Maternity Ward

140 Audit observed that Shs.6, 828,640 was paid in respect of supply of roofing tiles and ridges for the Maternity Ward. However, concerned staff revealed that no new tiles were supplied, as old ones were washed and re use.

141 The Accounting Officer explained that the amount was included in the contract agreement but on realization that the existing tiles were stronger than those that would have been supplied, the management decided to wash the old ones and re-used.

Observation and Recommendation;

142 The Committee observed that the procurement was initiated with a fraudulent intent and that's why instead of following through with the procurement, old tiles were simply washed and re-used.

143 The Committee recommends that the Accounting Officer be held liable for causing financial loss of Shs 6,826,640 and be made to refund the same with interest.

144 The Committee further recommends that the contractor be black listed for conniving with the Accounting officer to defraud government.

61.3.4 Water and Electricity Used by the Contractors

145 Audit inspections revealed that contrary to the contract provisions, the contractor was using water and electricity for the hospital worth Shs. 3,846,545 and necessary recoveries or deductions were not made from the contract sums.

146 Auditor recommended recovery of the amount incurred on water and electricity from the contractors.

147 The Accounting Officer explained that the contractor used water and electricity at source for ease of work.

Observation and Recommendation;

148 The Committee observed that the conduct of the Accounting Officer amounted to connivance to defraud government by not charging the contractor for water and electricity used, worth Shs 3,846,545.

149 The Committee recommends that the Accounting Officer be held liable for causing financial loss and be made to refund the same with interest.

61.3.5 Renovation of Masaba Wing, TB Ward & Special Clinics Block

(a) Advance Payment

150 Audit noted that funds amounting to Shs.79, 474,020, being 20% of the contract price were paid to a firm in advance before contract signing. In addition, the Solicitor General's approval and advance payment guarantee were not submitted. The Auditor General noted that payments against non-existent contracts were potentially fraudulent.

151 The Accounting Officer disagreed with the Auditor General's observation and explained that that initiation of advance payment bond and performance security by the contractor was dated May 18, 2010. However the agreement of the contract was signed on May 31, 2010 and subsequently payment was made on June 01, 2010.

Observation and Recommendation

152 The Committee observed that the Solicitor General's approval and advance payment guarantee was not availed to the auditor as that would help auditors know when the contract was cleared and in the absence of such the committee is inclined to believe the auditor general's observation.

153 The Committee further observed that the initiation of the advance payment bond and performance security was dated 18th /May/ 2010, 13 days before the signing of the contract.

154 The Committee recommends that the Accounting Officer be held liable for fraudulently paying Shs 79,474,020, 20% of the contract price before signing of the contract and be made to refund the same with interest.

(b) Non Implementation of Building Works

155 Audit inspection of the renovated buildings revealed that works worth Shs.109,205,000 had been billed without evidence of physical work done and in some cases the costs were inflated.

156 The Accounting Officer disagreed with the Auditor General's observation and explained that the overall works done on the 3 buildings went through the procurement cycle. There could not have been any inflation of costs as could be seen from the evaluation report. The Contract Manager, who was the technical person, the district engineer was tasked with the responsibility of certifying all works as per the bill of quantities before any payments could be made to the contractor.

Observation and Recommendation

157 The Committee observed that whereas the Auditor General's report talks about payment of un-executed works the Accounting Officer's response focused on procurement which is not in issue and inflation of costs was based on documents reviewed hence the Committee is inclined to believe the Auditor General's position.

158 The Committee recommends that the Accounting Officer be held liable for causing financial loss of Shs 109,205,000 paid for unexecuted works and inflated costs and be made to refund the same with interest.

(c) Irregular Payment of Contingency Amounts

159 Audit observed that contingency payments amounting to Shs.35, 579,100 were not supported with the contractors request, endorsement by project manager and authorization from the Accounting Officer rendering the genuineness of the expenditure

doubtful and a supervisory fee of Shs.6,000,000 was incurred without technical basis.

160 The Accounting Officer explained that the contingency sums were provided for in the BOQ for eventualities that are not foreseen. This provision had to be made when doing renovation. The unforeseen items were verified by the engineer as reflected in the certificate of payments and other communication to the contractor and accounting officer.

Observation and Recommendation

161 The Committee observed that Shs. 35,579,100 was paid out as a contingency without request from the contractor, approval by the Contract manager and authorization by the Accounting Officer.

162 The Committee further observed that Shs.6,000,000 was paid out as supervisory fee without a technical basis.

163 The Committee recommends that the Accounting Officer be held liable for irregularly paying out Shs. 41,579,100 and the same be recovered from him.

(d) Procurement Other Irregularities

164 Audit noted cases of incomplete documents, inadequate evaluation reports and incomplete contracts committee minutes, contract awards not supported by evidence of issuance of bid documents, payment of bid fees, bid opening, bid evaluation and award communication, lack of departmental work plans and user department statements of requisitions (PP Form 1) contrary to regulations.

165 The Accounting Officer explained that there were irregularities in the procurement due to lack of technical capacity of the officer in charge. The officer handling procurement was a clinician who was

not technically knowledgeable about procurement. The position in the procurement section was eventually filled by a Senior Procurement Officer and Procurement Officer from the Accountant General's office.

Observation and Recommendation

166 The Committee noted the explanation of the Accounting Officer and is of the opinion that the Accounting Officer who made the final award was not a clinician as was the case with the Procurement Officer.

167 The Committee recommends that the Accounting Officer be held responsible for failure to keep records of the entity as per Treasury Accounting Instructions.

61.4 Diversion of Capital Development Funds

168 The Auditor General noted that shs.18, 242,000 was diverted from the Capital Development Budget for payment of salaries and utilities without the necessary authority.

169 The Accounting Officer disagreed with the Auditor General's observation and explained that the Clerk of Works was paid allowance but not salary as provided for in the budget under contract administration. The budget for utilities was separate under recurrent budget.

Observation and Recommendation

170 The Committee observed that the Accounting Officer made a general denial of the Auditor General's observation but availed no evidence to back his denial.

171 The Committee recommends that Accounting Officer be held responsible for diverting Shs. 18,242,000 from capital development to recurrent expenditure without authority from the Secretary to

Treasury.

61.5 Audit Inspections

61.5.1 Medical Drugs/Sundries Store

(a) Record Keeping

172 Audit observed lack of serialization of requisition forms and issue vouchers, instead ordinary counter books and stationery were in use whereas records in respect of Anti-Malarial drugs were missing.

173 The Accounting Officer explained that store requisition forms were out of stock by the time of the audit and books were introduced as a stop gap measure.

Observation and Recommendation

174 The Committee observed that the Accounting Officer agreed with the Audit observation but took remedial measures after the audit. Failure to use standardized forms poses a risk of abuse, loss and fraud

175 The Committee recommends that requisition forms be procured in time to avoid reoccurrence.

(b) Expired Drugs

176 The Audit inspection revealed 24 different types of drugs which had expired between 2007 and 2009. By the time of audit in early October, four other types were due to expire in October – December 2010.

177 The Accounting Officer explained that expired drugs were securely kept away from the main drug store. The issue of destruction was being handled at the Ministry level in conjunction with National Environment Management Authority and National Medical Store.

Observation and Recommendation

178 The Committee observed laxity on the part of the Accounting Officer in notifying Ministry of Health about the expired drugs.

179 The Committee expressed concern that it is becoming a practice by some donors to donate drugs that are due to expire which in turn poses an additional cost of destruction to government.

180 The Committee therefore recommends that Ministry of Health should come up with guidelines on the donation of drugs to guard against dumping.

(c) Storage Condition

181 Audit observed that the roof and walls of the drugs store had cracks, and could collapse and there is risk of rain water leakage.

182 The Accounting Officer explained that the stores building was old and required major renovation or total demolition.

Observation and Recommendation

183 The Committee observed poor storage facilities and recommends that better storage facilities be availed.

61.6 Staffing

184 Audit revealed 34 vacant position and 16 staff members who were on payroll but not on staff list. There is a risk of paying staff that have been transferred.

185 The Accounting Officer explained that the monthly pay change report was an on-going exercise which result in the compilation of staff list regularly, while vacant posts that need to be filled were being handled by the Ministry of Health and Health Service commission.

Observation and Recommendation

186 The Committee observed that the 34 vacant posts hampers

service delivery and the 16 staff not on the staff list can lead to payment of salary to staff who have been already transferred.

187 The Committee recommends that the Accounting Officer should liaise with the Ministry of Health and the Health Service Commission to address the staffing gaps.

61.7 General State of Buildings

188 Audit observed the following defects on Ward 4 & 5, Casualty Ward and Maternity Ward.

(a) Ward 4 & 5

189 Door locks were not functioning properly and three lever union mortice locks were not fitted as prescribed in the bills of quantities (BOQ).

190 Roofing timber and the ceiling soft boards had started falling in some parts while the external Eastern wing toilets were not functioning and were locked by the contractor.

191 Two wash hand basins fitted were not functioning properly and two wall glass mirrors were not fitted.

(b) Casualty Ward

192 The door locks were not functioning and three lever union mortise locks were not fitted as per BOQs.

193 A concrete ceiling was not made and instead old soft ceiling boards were painted and the roof was leaking at the main entrance contrary to the Bills of Quantities. Two fitted toilets and the electric sockets were not functioning properly.

Some windows were not fitted with stays.

(c) Maternity Ward

194 Three lever union mortise locks were not fitted to the main doors as prescribed in the Bills of Quantities.

195 The main door to external toilets was not replaced and instead the old one was only painted.

196 Eastern wing windows were not fitted with permanent bat proof gauze vents and coffee tray wire backing complete with all necessary timber framing and beading as per BOQs.

197 The Accounting Officer explained that the building was still under the liability period and the contractor had been given a snag list after the audit to rectify the defects.

Observation and Recommendation

198 The Committee observed that whereas there was a contract manager, there was little if any supervision on the construction works which affected the quality of works.

199 The Committee further observed that the alleged rectification by the contractor was not verified by the auditors as it is claimed to have been done after the audit and there was no evidence in form of a report availed to the Committee.

200 The Committee recommends that the Accounting Officer be held responsible for failure to supervise the contracts executed thereby leading to poor quality work.

61.8 Absence of Incineration facilities

201 The Auditor General noted that the Hospital did not have an incinerator as Medical waste was disposed of by use of open pit burning, within the hospital premises. This disposal method was environmentally unsuitable.

202 The Accounting Officer explained that this had been included in the Hospital master plan and had written to MOH to avail them an approved design of an incinerator.

Observation and Recommendation

203 The Committee observed that the Accounting Officer agreed with the Auditor General's observation and hastened to add that they had asked for the design of the same.

204 The Committee recommends that the Hospital management should fast track the construction of an incinerator.

61.9 Unaccounted for Non Tax Revenue

205 Audit observed that cash collections of Shs.11, 924,530 had not been banked.

206 The Accounting Officer explained that the same had been banked and reconciliation done although after the audit.

Observation and Recommendation

207 The Committee observed that failure/refusal to bank monies collected as NTR can lead to fraud.

208 The Committee recommends that the Accounting Officer should desist from spending NTR at source without authority.

209 The Committee recommends that the Accounting Officer should recover/refund Shs.11, 924,530.

Para 62, Lira Regional Referral Hospital

62.1 Staffing Gaps

210 Audit revealed that the hospital was under staffed. Inadequate staffing negatively affected service delivery

211 The Accounting Officer agreed with the Auditor General's observation. The staffing level for senior staff had not improved. Twenty five staff ranging from Medical Officers Special Grade to Enrolled Nurses had been Posted or transferred to the Hospital but

only five were at station due to lack of accommodation, poor remuneration and Lira District being hard to stay area.

Observation and Recommendation

212 The Committee observed that whereas the Hospital faced staffing challenges, when 25 staff were posted to the Hospital, only 5 reported for duty due to lack of accommodation and motivation.

213 The Committee recommends that the Accounting Officer should urgently take up the issue with the Ministry of Health and Health Service Commission so as not to curtail service delivery.

62.2 Expired Drugs

214 The Auditor General noted that an assortment of drugs had expired and was still being kept in the stores.

215 The Accounting Officer agreed with the Auditor General's observation and explained that they had informed the Ministry of Health about it.

Observation and Recommendation

216 The Committee observed laxity on part of the Accounting Officer as he provided no documentary evidence to back up his assertion.

217 The Committee recommends that the Accounting Officer be held responsible for neglect of duty.

62.3 Undelivered Drugs and Medical Supplies

218 The Auditor General noted that comparison between the National Medical Stores delivery records and the Hospital revealed that the Hospital was invoiced Shs.94, 618,917 worth of drugs, but only Shs.44, 849,917 was received.

219 The Accounting Officer agreed with the Auditor General's

observation. Evidence was provided to show that the anomaly was brought to the attention of National Medical stores management (NMS) and the Hospital's account held with the National Medical stores was credited with Shs. 48,321,800/=, but the difference of Shs 647,800/=(Six hundred forty seven thousand eight hundred only) had not been credited.

Observation and Recommendation

220 The Committee observed that there was laxity on part of the Accounting Officer to carry out drug reconciliation until the subsequent financial year meaning that service delivery was affected in the year under review.

221 The Committee recommends that the Accounting Officer be held responsible for neglect of duty and Shs.647,800 not followed with National Medical Stores be recovered from the Accounting Officer.

Para 63, Masaka Regional Referral Hospital

63. 1 Doubtful deductions and allowances on the payroll

221 According to Audit, the Hospital payroll for the financial year paid through the straight through process revealed that, Shs.92, 039,870 was the total deductions made and Shs.241, 749,259 total allowances paid to staff respectively.

222 The Accounting Officer explained that the allowances in question totaling to Shs. 465,076,260 were for; lunch allowances, lunch allowance arrears, while deductions totaling to Shs 66,327,501 were subscription.

Observation and Recommendation

223 The Committee observed that the Accounting Officer makes no mention of Shs.25, 712,369 paid out as deductions as revealed by

the auditors.

224 The Committee further observed that whereas the Accounting Officer claims to have paid out Shs. 66,327,501 as subscription to organizations, no evidence was availed to that effect.

225 The Accounting Officer paid out Shs. 465,076,260 as allowances contrary to the salary structure hence being a disguised pay.

226 The Committee recommends that the Accounting Officer be held liable for causing financial loss of Shs. 92, 039,870 allegedly paid out as deductions and be made to refund the same.

227 The Committee further recommends that monies paid out as allowances be harmonized with salary structure.

63. 2 Outstanding obligation to Uganda Revenue Authority

228 The Hospital through the Straight through Process operated by the Ministry of Finance purportedly remitted a total sum of Shs.159, 901,201 to Uganda Revenue Authority in respect of PAYE. However, receipts from Uganda Revenue Authority were not availed to confirm remittance of the above funds.

229 The Accounting Officer explained that the receipts had not been picked from URA at the time of audit.

Observation and Recommendation

230 The Committee observed that there was laxity on part of the Accounting Officer to secure receipts from URA and recommends that the Accounting Officer enhances supervision to ensure timely payment and retrieving of receipts.

63.3 Outstanding utility commitments

231 Audit revealed outstanding commitments of the hospital for electricity amounting to Shs.123, 978,350 and water at Shs.160,

406,943.

232 The Accounting Officer explained that utility bills amounting Shs 89,515,167 had accumulated over the years, whereas Shs. 54,463,183 was accumulated during the financial year under review. The entity budgeted for Shs. 27,505,000= for electricity in the financial year in question, but only Shs. 20,000,000 was approved and released as domestic arrears and no budget was approved for the year's consumption.

233 The Hospital accumulated utility bills amounted to Shs. 160,406,943 for water. Of the total outstanding water bills, Shs. 76,189,911 had accumulated over the years and brought forward as domestic arrears during the financial year in question.

234 The hospital proposed Shs 26,400,000 towards water bills for the financial year 2009/2010 but no provision was made. Consequently, the hospital accumulated Shs. 84,217,032 as arrears for 2009/2010.

235 Factors leading to the increase in the arrears included; Increase of tariffs, Increase in number of patients that put pressure on utilization of utilities, and old and dilapidated electricity and drainage system leading to loss of electricity and water respectively.

236 The hospital had submitted audited utility bills to the Ministry of Health and MOFPED. As of June 1st 2012, the hospital outstanding utility obligations had been reduced by Shs 100,000,000 for electricity and Shs. 150,000,000 for water.

237 Measures had been put in place mitigate further accumulation by installing solar water heaters for the patients, and replacing the traditional bulbs with energy saving bulbs/tubes. Plans were underway to harvest rain water.

Observation and Recommendation

238 The Committee observed that the entity despite having water

and electricity received no budget allocation for utilities for the year under review yet water and electricity were a necessity.

239 The Committee recommends that government should make adequate budgetary provisions for utilities and Accounting Officer should observe government commitment control systems.

63. 4: Uncollected non tax revenue (NTR)

240 Audit observed that the hospital budgeted to collect Shs. 387, 144, 000 from its Non Tax Revenue sources but only Shs. 233,381,250 was collected resulting in a short fall of Shs.153, 762,750 representing 40% of the budgeted non tax revenue.

241 The Accounting Officer explained that this was brought about by closure of the main operating theatre, constant power outages which affected utilization of X-ray and Ultra-sound examinations and Laboratory services transfer of some key staff with no replacement especially the Physician and Ophthalmologist, among others.

Observation and Recommendation

242 The Committee observed that transfer of the physician and Ophthalmologist among others from Hospital without replacement led to the closure of the main operating theatre hence affecting NTR and service delivery.

243 The Committee recommends that before transfer of such medical personnel from such a critical sector, replacement should first be found.

Para 64, Fort Portal Regional Referral Hospital

64.1 Procurement Anomalies

64.1.1 Unauthorized Direct Procurement

244 The Auditor General reported that the Hospital made direct

procurements worth Shs. 192,599,217 without the authority of the contracts committee as required by law.

The Accounting Officer explained as follows;

245 Medical Equipment and Instruments at a cost of Shs. 23,480,133 and delivery beds at a cost of Shs. 3,353,283 were procured from Joint Medical Stores, being a second option to NMS and as per the MOH guidance that all government health institution to first source their requirement from NMS and use JMS as second options.

246 Medical Equipment and Instruments at a cost of Shs. 7,765,148 and medical Instruments at a cost of Shs. 17,757,454 were purchased from Joint Medical Stores as per the Performance of Essential Medicines and Health Supplies (EMHS) grant utilization which was measured by the proportion of the grants, spent at NMS and JMS (AHSPR 2008/09 pages 124-127).

247 In the case of extra Work on Male and Female wards by Pancon Engineering Ltd at a cost of Shs.16,929,342, the original contract was awarded through competitive bidding. During execution however, the stakeholders on the site meeting resolved to have two 10,000 litres rain water harvesting tanks and a self-contained room where staff would be admitted when ill and be treated, that resulted into the extra cost.

248 This was within the provision of Regulation 109(1) (c) that provided that direct procurement may be conducted if the original contract was awarded through competitive bidding. The extra works were approved by the contracts committee on the 2nd June 2009.

249 The construction of a shed for HIV Clinic at a cost of Shs. 11,456,798 and carried out by the Maintenance Workshop was considered an emergency. This involved constructing a walkway to

connect OPD to the Wards, and owing to the fact that HIV clinic was very busy taking care of close to 10,000 patients.

250 Administrative costs amounting to Shs. 15,259,939 was incurred by the Maintenance Work shop on several procurement transactions namely;

- Advertising at a cost of Shs. 2,870,700 conducted in accordance with regulation 108 on micro procurement.
- Procurement of nurses' uniform at a cost of Shs. 1,950,000 conducted accordance with regulation 108.
- Remuneration to Contract Committee of Shs. 3,630,000
- Supervision of construction of the walk way by an engineer at a cost of Shs.1,258,000
- Shs. 5,551,239 being other administrative costs which could not be contracted out like monitoring and evaluating, capital projects including site meetings.

251 Sanitation and water- Maintenance Work shop- at accost of Shs. 29,127,200 which was an amalgamation of micro procurements conducted in two financial years 2008/09 and 2009/10, and conducted in accordance with regulation 108 and 118(8) of PPDA act 2003

252 Electricals- Maintenance Workshop at a cost of Shs. 20,694,660 was on various micro procurements conducted in two financial year 2008/9 and 2009/10, and conducted in accordance with regulation 108 and 118(8) of PPDA act 2003.

253 Minor Civil works at a cost of Shs. 46,775,260 was incurred by the maintenance Work shop on equipment maintenance of all health units for the whole Region and was a sum-total various micro procurements of spares and fittings among others.

254 All the above added to a total of Shs. 192,599,217

Observation and Recommendation

253 The Committee observed that the Accounting Officer ignored the entity's contracts committee by incurring unauthorized expenditure of Shs.192, 599,217.

255 The Committee recommends that the Accounting Officer be held responsible for usurping the powers of the contracts committee.

64.1.2 Abandoned construction of a car shed

256 The Auditor General reported that a contractor was procured to construct a car shed at a contract sum of Shs.27, 400,000 and paid advance of Shs. 7,744,848. Physical inspection revealed that only preliminary works were done and the contractor had abandoned the site in May 2010.

257 The Accounting Officer explained that at the time of audit, work on the car shed had stalled for some time. A communication of the intention to terminate the contract was made and the contractor resumed work and car shed had been completed.

Observation and Recommendation

258 The Committee observed that whereas the Accounting Officer claimed to have completed the car shed by the time of audit, the Committee noted that there was no serious contract management.

259 The Committee recommends that the Accounting Officer be held responsible for failure to carry out proper contracts management.

260 The Committee further recommends that the Accounting Officer should at all times ensure that a contract manager is appointed for every signed contract.

64.2 Accumulation of expired drugs

261 The Auditor General reported that there was stock of expired

drugs, dating as far back as 2004

262 The Accounting Officer agreed with the observation and explained that disposing off expired drugs was a very technical activity and this could only be done from Nakasongola. The system involved Ministry of Health officials and other technical persons in NMS.

Observation and Recommendation

263 The Committee observed laxity on the part of the Accounting Officer in notifying Ministry of Health about the expired drugs.

264 The Committee expressed concern that it is becoming a practice by National Medical Stores to supply drugs that are about to expire which in turn poses an additional cost of destruction to government.

265 The Committee observed that expired drugs are partly as a result of poor stock management and the then push down policy.

266 The Committee recommends that there should be proper stock management.

64.3 Staffing shortages

267 The Auditor General reported that out of the established 393, only 247 positions were filled leaving a staffing gap of 146.

268 The Accounting Officer agreed with the audit observation, and explained that this was due to a number of factors including; high staff turnover in the category of the specialized cadre, doctors refusing to report after being appointed, and poor response to advertisement. The entity has however reduced the gap to 77 positions.

Observation and Recommendation

269 The Committee observed that the inadequate staffing

especially for specialized cadre and doctors affected services delivery.

270 The Committee recommends that the entity liaises with Ministry of Health and the Health Service Commission to ensure that the staffing gap is filled.

64.4 Lack of Adequate Accommodation

271 The Auditor General reported that the Hospital had only 2 habitable units occupied by 4 staff. The rest of the 16 houses occupied by 70 members of staff had been condemned 10 years ago at the time of audit.

272 The Accounting Officer agreed with the audit observation and explained that this was due to lack of provision for the capital development item for hospitals. This however later improved when a decision was taken to provide capital development budget item for all referral hospitals.

Committee Observation and recommendation

273 The Committee took note of the steps taken by the Hospital to construct interns and staff hostels.

64.5 Accumulation of outstanding utility bills

274 The Auditor General reported that whereas under the commitment control system accounting officers were not allowed to incur expenditure or enter commitments beyond the budgetary provisions, the hospital consumed electricity and water outside the authorized estimates by Shs. 96,597,535.

275 The Accounting Officer explained that billing for utilities was being done at the end of the month, making it difficult to abide by the commitment control system. The provision for the utilities was

grossly inadequate.

Observation and recommendation

276 The Committee took note of the explanation and recommends that sufficient budgetary provisions should be made for utilities.

64.6 Inadequate Sewerage Budget

277 The Auditor General reported that the hospital was incurring Shs.2, 400,000 per month on cesspool emptier against an approved budget of Shs.391, 667leading to accumulation of arrears.

278 The Accounting Officer agreed with the observation and explained that the problem had been brought to the attention of Ministry of Health and Municipal Authorities as advised by auditors.

Observation and recommendation

279 The Committee observed that spending Shs. 2, 400,000 per month on cesspool emptier is both unrealistic and unsustainable.

280 The Committee recommends that the entity should expedite the process of getting connected to the central Municipal lagoon.

64.7 Hospital Capacity

281 The Auditor General reported that the hospital had 19 qualified doctors, covering 9 districts and a population of 2,300,000. The patient ratio was 1:121,000 against the recommended WHO ratio of 8:100,000

282 The Accounting Officer agreed with the observation and explained that this was due to poor attraction and retention of doctors, and that the doctors preferred joining projects or working in the neighboring countries.

Observation and recommendation

283 The Committee recommends that government should improve on the working conditions of the Doctors in order to improve attraction and retention.

Para 65, Kabale Hospital

65.1 Construction of Private Wing

284The Hospital constructed a private wing at a cost of Shs. 2,657,035,984. However, Audit observed a sample of five toilets and single rooms taken were not consistent with the architectural drawings.

The Accounting Officer explained as follows;

285 Toilet room: The reduction in size was intended to increase on the bed room capacity. The instruction to that effect was given by the Consultant as reflected in the site meeting minutes of 22nd December, 2009 which are appended.

286 Single Rooms: In a bid to further strengthen the walls, the Structural Engineer deemed it necessary to cause a shift from the initial architectural dimensions of 200mm to 230mm to enable the inclusion of the columns and beams, thus leading to a slight reduction in the size of the rooms, but coming up with a stronger and wider wall. This was reflected in the Structural Engineer's instruction of 5th May 2009, which is appended.

287 Balcony: The balcony was planned to be 1700 mm (centre-to-centre) as per drawing plan, and that is what it is. This included 200 mm for the Pompeii grille. At the time of audit, the Pompeii had not been laid and measurements were taken from the wall to the edge of the balcony. After fixing the Pompeii grille, the balcony width as measured from wall to Pompeii grill, is now 1500 mm which conforms

to the drawing plan.

Observation and Recommendation

288 The Committee took note of the Accounting Officer's explanation and was satisfied.

65.2 Drug Stores Irregularities

65.2.1 Lack of Monthly stock taking reports

289 Audit observed that there was no monthly stock taking of drugs contrary to Section 104 of the Treasury Accounting Instructions that provide for monthly stock taking.

300 The Accounting Officer agreed with the observation. This was due to the low staffing levels in the store, which had only one staff manning the unit.

301 At the time of meeting the Accounting Officer, two staff had been posted to the unit and stock taking was being carried out quarterly.

Observation and Recommendation

302 The Committee took note of the positive steps being made to address this challenge.

65.2.2 Review of the stock taking reports

303 Audit observed that there was a variance in the drugs reflected in stock taking report and store cards.

304 The Accounting Officer agreed, and submitted that the discrepancies had been investigated and discovered to have been as a result of inadequate record keeping arising out of under-staffing and work overload.

Observation and Recommendation

305 The Committee observed laxity on the part of the Accounting Officer and recommends that he be held responsible for failure to keep proper records as required by the Treasury Accounting Instructions.

65.3 Incomplete Asset register

306 The Audit revealed that the asset register presented for audit lacked vital information such as the asset cost/value, condition of the asset, and detailed asset description among others rendering asset verification difficult.

307 The Accounting Officer explained that this was due to inadequate technical capabilities in using the new template that had been introduced. After the audit, the Accounting Officer sought technical assistance from Accountant General's Office to guide on how to generate reports using the template and this had been provided.

Observation and Recommendation

308 The Committee noted the explanation of the Accounting Officer and recommends that the entity should develop technical competence.

65.4 Expired Drugs

309 Audit observed that there were drugs which had expired way back in 2007 and the expired drugs occupied substantial space which could have been used for other purposes.

310 The Accounting Officer explained that this was a responsibility of NMS, and at the time of meeting with him, all expired drugs and

medical sundries that used to exist in the Hospital store had been collected.

Observation and Recommendation

311 The Committee noted laxity on the part of the Accounting Officer and recommends that timely disposal should be adhered to.

65.5 Un-disposed of Motor Vehicles

312 Audit revealed that two vehicles namely Land Rover ambulance registration number UM 0515 and Peugeot ambulance registration number UPX 364 which had been recommended for board off after the Board of Survey carried out in 2007 had not been disposed off contrary to regulations. The vehicles were losing value due to continued wear and tear.

313 The Accounting Officer explained that the process of disposing off the motor vehicle had not been finalized due to Ministry of Health's delay to release the log books to the Hospital.

Observation and Recommendation

314 The Committee observed that failure to carry out timely disposal of motor vehicle was costing government in terms of depreciation and storage.

315 The Committee therefore recommends that Ministry of Health should expedite the process of boarding off the said assets.

65.5 Delivered Drugs not ordered for

316 Audit observed that drugs that had not been ordered for were delivered by National Medical Stores to the Hospital and Charged on the hospital account.

317 The Accounting Officer explained that bulky supplies and shortage of manpower rendered verification at the time of delivery

hasty and shortages would be discovered after the NMS delivery lorry had left. The problem had been sorted.

Observation and Recommendation

318 The Committee observed that supplying drugs that were not ordinarily ordered by the user entity causes distortion on the priorities of the Hospital, moreover more often than not hospitals experience stock outs of much more needed drugs and this undermines medical care.

319 The Committee was further concerned that there is a possibility that National Medical Stores procures drugs that are not relevant or required by user departments thereby forcing delivery of the same on hospitals.

320 The Committee recommends that National Medical Stores be held responsible for dumping drugs not ordered.

321 The Committee also recommends that a more robust and accountable mechanism for the management of orders and delivery of drugs be put in place by the Ministry of Health.

65.7 Lack of a Hospital Board

322 Audit revealed that the Regional Referral Hospital did not have a Hospital board contrary to Ministry of Health (2003) Department of Quality Assurance circular.

323 The Accounting Officer agreed with the Auditor General's observation. A functional Hospital Management Board was eventually inaugurated in May 2011.

Observation and Recommendation

324 The Committee notes the positive steps that have been undertaken to put in place a functional board for the hospital.

65.8 Understaffing

325 The Audit revealed that the Regional Referral Hospital was understaffed despite receiving high number of patients. Out of 325 staffing positions, only 200 positions were filled leaving a gap of 125 (38%) un-filled.

326 The Accounting Officer agreed with the Auditor General's observation and stated that the Ministry of Health had on some occasions posted medical personnel to the hospital but many did not report and some who reported stayed for a short while and sought transfer or joined NGOs.

Observation and Recommendation

327 The Committee observed that the hospital was operating with inadequate staff which in effect affected service delivery.

328 The Committee recommends that the Accounting Officer, as a matter of urgency, liaises with the Ministry of Health and Health Service Commission to ensure that the vacant positions are filled.

65.9 Constant load shedding at the Hospital

329 Audit observed that the hospital experienced constant load shedding and the existing generator was not automatic and lacked power backup system.

330 The Accounting Officer agreed to the Auditor General's observation and explained that this was due to budgetary constraints.

Observation and Recommendation

331 The Committee observed that constant load shedding can lead to loss of life and supplies.

332 The Committee recommends that government should ensure

that Regional Referral Hospitals are not affected by load shedding.

333 The Committee further recommends that an auto power backup system be provided to mitigate the said risks.

Para 66, Hoima Regional Referral Hospital

66.1 Irregular Procurements

334 Audit revealed that procurements of Shs.112, 452,389 lacked relevant supporting documents such as local purchase orders; goods received notes and tender award letters. Included in the procurements was a payment for a vehicle worth Shs.82, 362,331 that was not delivered

335 The Accounting Officer explained that payment of Shs. 82,362,331 was for a Hospital mini-bus that was delivered at the beginning of the following FY 2010/11.

Observation and Recommendation

336 The Committee observed that whereas Treasury Accounting Instructions require Accounting Officers to keep documents for audit and court purposes, the Accounting Officer did not avail documents during the audit for verification by the auditors which is an offence under the National Audit Act.

337 The Committee observed that the alleged delivery of the said mini-bus after the close of the financial year was non-adherence to procurement plan.

338 The Committee further observed that whereas the Accounting Officer submitted that Shs. 82,362,331 was for hospital mini-bus, he fell short of explaining what Shs. 30,090,058 was used to procure. Lack of supporting documents casts doubt on the authenticity of the procurement.

339 The Committee recommends that the Accounting Officer be

held responsible for failing to avail documents to auditors.

340 The Committee further recommends that the Accounting Officer be made to refund Shs.30, 090,058 allegedly spent on procurements whose documents he failed to avail.

66.2 Unsupported payables

341 Audit was not provided with supporting documents for expenditure amounting to shillings 60,094,745. The Auditor General noted that unsupported payables are potentially fraudulent.

342 The Accounting Officer explained that the unsupported payables were due to water bills totaling to shs.66, 087,720, which had accumulated over a period of time.

Observation and Recommendation

343 The Committee observed that the amount being raised by the Auditor General of Shs.60,094,745 as unsupported payables and the Shs. 66,087,720 being raised by the Accounting Officer are distinct hence the explanation that utilities cannot have supporting documents is untenable as they are billed.

344 The Committee recommends that the Accounting Officer should always provide supporting documents for payables as it can lead to fraud.

The Committee further recommends that the money purportedly spent on utilities without supporting documents be recovered from the Accounting Officer.

66.3 Unpaid salary arrears

345 Audit observed that Shs 40,870,155 remained unpaid to various staff at close of 30th June, 2010.

346 The Accounting Officer explained that residual arrears forms for the staff that missed the salaries had been filled and submissions made to Ministry of Public Service.

Observation and Recommendation

347 The Committee observed that salaries form part of the wage bill and should not remain unpaid at the end of the financial year.

348 The Committee recommends that the Accounting Officer should urgently follow up the matter with Ministry of Public Service and Ministry of Finance.

66.4 Expired drugs

349 Audit observed that the stock of expired drugs for the previous six years had increased due to supply of drugs with short shelf life.

350 The Accounting Officer explained that NMS collected the expired drugs for destruction.

Observation and Recommendation

351 The Committee observed laxity on the part of the Accounting Officer in notifying Ministry of Health about the expired drugs.

352 The Committee expressed concern that it is becoming a practice by National Medical Stores to supply drugs that are about to expire which in turn poses an additional cost of destruction to government.

352 The Committee recommends that Ministry of Health presses upon National Medical Stores to desist from procuring and supplying drugs with a short shelf life.

66.5 Under staffing

353 Audit observed that the Hospital was understaffed.

354 The Accounting Officer agreed with the Auditor General's observation and further stated that the staffing levels for Consultants and Medical Officers had worsened. There was only 1 Senior

Consultant as opposed to 4, 4 Medical Consultants instead of 11, 1 Senior Medical Officer instead of 12, and 2 Medical Officers instead of 10. The Ministry posted 6 medical Officers but only two reported and went back to complete their post graduate studies promising to return after they have completed.

Observation and Recommendation

355 The Committee observed that it is increasingly becoming very difficult to offer quality medical service with the current level of staffing. It is also likely for people to die because of this state.

356 The Committee therefore recommends that government prioritizes recruitment and retention of medical workers.

357 Government should also improve on the welfare and working conditions of the medical personnel.

66.6 Failure to update assets register

358 Audit observed lack of regular update of the assets register.

359 The Accounting Officer agreed with the Auditor General's observation.

Observation and Recommendation

360 The Committee observed that the Accounting Officer failed in his duty of maintaining an asset register.

361 The Committee recommends that the Accounting Officer be held responsible for failure to keep an Asset register.

Para 67, Soroti Hospital

67.1 Falsified Accountability

362 The Auditor General observed that Shs. 17,500,000 was paid to Dr. Egwau Godfrey to carry out activities for Protecting Families against HIV/AIDs (PREFA) but Shs.8,000,000 were falsified as they

showed payment for full board accommodation yet the workshop was a non-residential training of health workers on integrated prevention of mother to child transmission

363 At the time of meeting the Accounting Officer, the matter had been reported to the police by the Hospital management. Evidence was adduced to confirm that the officer concerned had been arrested by police and released on police bond.

Observation and Recommendation

364 The Committee observed that the actions of Dr. Egwau Godfrey are criminal.

365 The Committee recommends that the Shs. 8,000,000 be recovered from Dr. Egwau Godfrey.

67.2 Land dispute between Soroti Referral Hospital and Telecommunications Company

366 Audit revealed that Soroti Regional Referral Hospital land housed the regional office of a telecommunication company. This had affected the structural planning of the hospital and the hospital stood a risk of losing this land.

367 The Accounting Officer explained that at the time of occupation of the land by Uganda Telecom, the hospital management did not know that the land belonged to them. It was at the time of getting the land title that it was realized that Uganda Telecom and other individuals were sitting on the hospital land.

368 The encroachers including Uganda Telecom were informed of the development. All left except Uganda telecom that responded with an intention to sue the hospital. Hospital management then wrote to the Attorney General about the intention to sue by UTL but no reply had been received from the Attorney General's office at

the time of meeting the Accounting officer.

Observation and Recommendation

369 The Committee noted the explanation of the Accounting Officer and recommends that Ministry of Health takes up the matter with the Attorney General.

67.3 Level of staffing

370 The Auditor General noted that the Hospital was understaffed. Out of the staff establishment of 330 positions only 270 were filled.

371 The Accounting Officer agreed with the Auditor General's observation. Evidence was tendered to show that the list of vacant posts had been submitted to Ministry of Health, for onward submission to the Health Service Commission for action. Twelve (12) staff were recruited in the Financial 2010/2011 to cater for staff turnover due to retirement, death and transfers.

Observation and Recommendation

372 The Committee noted the explanation of the Accounting Officer and recommends that the remaining positions be urgently filled.

67.4 Takeover of Hospital houses by Former Staff

373 The Auditor General noted that the hospital was allocated pool Government houses by the Chief Administration Officer, Soroti District in 2007. Subsequently the Hospital Management instructed two staff to occupy the houses on Plot No 81 Gweri Road and Plot No. 14/16 BR NO.17 Lale Road respectively.

374 The Accounting Officer provided evidence to show that appropriate action had been taken by the management. One officer had been evicted, while a suit had been filled against Dr. Eriamu Nathan.

375 One of the houses had been demolished and an Intern Doctor's mess been constructed on the land.

Observation and Recommendation

376 The Committee noted the effort of the Accounting Officer and recommends that the court case be pursued.

67. 5 Un-accounted for Funds.

377 Audit revealed that Shs.8, 656,700 paid to several staff to undertake official activities remained unaccounted for, contrary to Financial Regulations.

378 The Accounting Officer provided no explanation to the Auditors.

Observation and Recommendation

379 The Committee observed that the Treasury Accounting Instructions require that money advanced to the Accounting Officer be accounted for within 60 days from the date of disbursement which was not the case with Shs.8, 656,700 paid to several staff.

380 The Committee recommends that the Accounting Officer recovers Shs.8, 656,700 from the said officers, and if fails to do so within 2months from the date of adoption of the report, the same be recovered from him.

67.6 Expired Drugs

381 Audit revealed that a substantial amount of expired drugs had accumulated in the hospital stores, and management did not maintain an updated list of expired drugs and consequently.

382 The Accounting Officer submitted that management had sorted out all the expired drugs and sent them back to National Medical Stores for further action. The relevant personnel namely the Principle Stores Assistant and a Stores Assistant had been posted and stores

management had subsequently improved.

Observation and Recommendation

383 The Committee observed laxity on the part of the Accounting Officer in notifying Ministry of Health about the expired drugs.

384 The Committee expressed concern that it is becoming a practice by National Medical Stores to supply drugs that are about to expire which in turn poses an additional cost of destruction to government.

385 The Committee observed that expired drugs are partly as a result of poor stock management and the then push down policy.

386 The Committee recommends that there should be proper stock management.

Para 68, Mbarara Hospital

68.1 Over commitments

387 The Auditor General reported that the entity accumulated domestic arrears worth Shs. 441,313,127 contrary to Commitment control system.

388 The Accounting Officer explained that the domestic arrears figure of Shs.411, 313,127 was accumulative figure from financial year 2007 on drugs, sundries and water.

389 The over commitment in 2007/2008 was caused by failure of Ministry of Finance to release funds for the 4th quarter as per the approved budget.

390 The arrears in 2009/10 arose from the change in policy in 2009/2010 where all funds meant for drugs and sundries were transferred to NMS without proper communications to the concerned vote holders.

Observations and Recommendations

391 The Committee observed that whereas Parliament approved the budget for the entity including utilities, Ministry of Finance made no release for the 4th quarter hence affecting the entity's capacity to meet its financial obligations including utilities.

392 The Committee observed that there was a policy shift in procurement of drugs where mandate was removed from the entity without clearing the arrears.

393 The Committee further observed that incurring domestic arrears can lead to litigation, reconciliation challenges and other costs like paying of interest and collection charges.

394 The Committee recommends that once Parliament appropriates money for an entity, Ministry of Finance should release all monies appropriated as non-compliance with this would amount to taking over the appropriation mandate.

395 The Committee recommends that in future government policy shift should take into consideration the existing commitments.

396 The Committee further recommends that Ministry of Finance should make sufficient budgetary provisions for clearing domestic arrears.

68.2 Defects in Rehabilitation Work of the Hospital

397 The Auditor General reported that the Hospital was undertaking rehabilitation and expansion of wards worth Shs. 603,121,980 and because of lack of an engineer, the Hospital was using the University Engineer for supervision. Audit inspection revealed the following;

68.3 Suspension of the works.

i) Audit observed defects on the surgical ward, medical ward and

pediatrics ward.

398. The Accounting explained that at the time of the audit, the works were in progress and the contractor was still on site.

Observation and Recommendation

399 The Committee observed that there was laxity on the part of the contracted engineer in supervising the work.

400 The Committee recommends that the entity should enhance supervision of contracts by appointing competent contract managers.

68.4 Deviations from BoQs

a) Audit noted that the contractors had quoted for water bills but they were using hospital water.

401 The Accounting Officer explained that the water bills were deducted from the final payments though no evidence was adduced to the Committee to that effect.

Observation and Recommendation

402 The Committee observed that whereas the BoQs had a provision for water, the contractor used hospital water whose bill was not deducted from the payments to the contractor by the Accounting Officer, which is tantamount to fraud.

403 The Committee recommends that the Accounting Officer should refund Shs. 4,200,000 paid to the contractor.

b) Audit noted that the gauge for Steel works for steel doors and windows were not specified in Bills of quantities and as a result the contractor supplied steel works that appeared weak.

404 Management noted that the specification for the steel gauge had not been stated in the BOQ during site inspection and the contractor was instructed to use the similar gauge of angles

(38x38x3mm) like the existing windows for the extension

Observation and Recommendation

405 The Committee observed that incomplete BoQs compromised the quality of work and recommends that in future all specifications should be included in the BoQs.

68.5 Lack of Corporate Strategy

406 Audit observed that the Hospital lacked a corporate strategy.

407 The Accounting Officer agreed with the observation. The entity consequently engaged a consultant and developed a Master plan for the hospital and the final report of the corporate strategy was being awaited.

Observation and Recommendation

408 The Committee was concerned with the practice of hospitals hiring consultants to develop for them strategic plans and noted that the expenditure was wasteful.

409 The Committee further observed that the hospital was operating without an approved strategic plan yet work plans and budgets are drawn from the same.

410 The Committee further observed that whereas the hospital is resourced with technical people, Shs. 240 million was paid to a consultant to develop a strategic plan.

411 The Committee recommends that Parliamentary Sectoral Committees should always ensure that work plans and budgets of entities are drawn from approved strategic plans of the hospitals.

412 The Committee further recommends that hospitals should desist from enlisting the services of consultants to develop strategic plans but rather use their internal human resource.

68.6 Understaffing

413 The Auditor General reported that out 368 positions, only 294 were filled.

414 The Accounting Officer explained that the small staffing levels at the time of audit arose from the transfer of staff from Mbarara University of Science and Technology under Ministry of Education, to Ministry of Health.

415 Some staff were eventually posted and 61 vacant posts were declared to the Health Service Commission.

Observation and Recommendation

416 The Committee noted the Accounting Officer's explanation and recommends that the Accounting Officer liaises with the Health Service Commission to fill the vacant posts.

68.7 Constant Load shedding at the hospital

417 The Auditor General reported constant power cuts at the Hospital.

418 The Accounting Officer agreed with the audit observation.

Observation and Recommendation

419 The Committee observed that constant load shedding can lead to loss of life and supplies.

420 The Committee recommends that government should ensure that regional referral hospitals are not affected by load shedding.

421 The Committee further recommends that an auto power backup system be provided to mitigate the said risks.

68.8 Drugs ordered for but partially or not delivered by the National Medical Stores

422 The Auditor General reported that the hospital received fewer drugs than ordered for and some drugs were substituted by expensive drugs. The hospital had not reconciled their Account with National Medical Stores.

423 The Accounting Officer explained that Management had taken note of the anomalies and informed NMS.

Observation and Recommendation

424 The Committee observed that supplying drugs that were not ordinarily ordered for by the user entity causes distortion on the priorities of the Hospital, moreover more often than not hospitals experience stock outs of much more needed drugs and this undermines medical care.

425 The Committee was further concerned that there was a possibility that National Medical Stores procures drugs that are not relevant or required by user departments thereby forcing delivery of the same on hospitals.

426 The Committee recommends that National Medical Stores be held responsible for dumping drugs not ordered.

427 The Committee also recommends that a more robust and accountable mechanism for the management of orders and delivery of drugs be put in place by the Ministry of Health

Para 69, Moroto Regional Referral Hospital

69.1 Un-accounted for funds

428 Audit revealed that Shs.7,551,700 paid to various officials for certain activities remained unaccounted for since it lacked

supporting documents of accountability like receipts, attendance list and reports contrary to provisions of the Public Finance and Accountability Act, 2003.

429 The Accounting Officer agreed with the Auditor General's observation.

Observation and Recommendation

430 The Committee observed that the Treasury Accounting Instructions require that money advanced to the Accounting Officer be accounted for within 60 days from the date of disbursement which was not the case with Shs. 7,551,700.

431 The Committee recommends that the Accounting Officer recovers Shs.7,551,700 not accounted for and if fails to do so within 2months from the date of adoption of the report, the same be recovered from him.

69.2 Fixed Assets

432 The Auditor General noted that the Hospital did not maintain updated asset register during the year under review.

433 The Accounting Officer agreed with the Auditor General's observation. The asset register was not in the format prescribed by the Treasury Accounting Instructions. This was a result of new software that had been introduced without the necessary training being provided to the hospital staff.

434 At the time of meeting the Accounting Officer reported that an officer had been trained in the use of the software.

Observation and Recommendation

435 The Committee was satisfied with the explanation that was provided by the Accounting Officer.

69.3 Staffing levels

436 The Audit revealed that the hospital was understaffed. Out of 340 positions, only 112 positions are filled representing 33% of the required staffing levels.

437 The Accounting Officer agreed with the Auditor General's observation. This was partly a result of upgrading the facility to a regional Referral Hospital, which created new staffing requirements. Evidence of attempts to improve the staffing levels was provided to the Committee. At the time of meeting the Accounting Officer, the staffing levels had improved from 33% to 46% of the staff establishment.

Observation and Recommendation

438 The Committee observed that it is increasingly becoming very difficult to offer quality medical services with the current level of staffing. It is also likely that lives have been lost as a result of this state.

439 The Committee therefore recommends that government prioritizes recruitment and retention of medical workers to match the newly elevated status of the referral hospital.

440 Government should also improve on the welfare and working conditions of the medical personnel.

69.4 Staff Accommodation

441 The Auditor General noted that accommodation for doctors and other medical staff was not sufficient within the hospital. Staff stayed long distances away from the hospital yet transport in the region was difficult.

442 The Accounting Officer agreed with the Auditor General's observation. Remedial measures had been made through provision

of houses by the Prime Minister's Office, and plans were underway to provide housing units under the capital development vote of the hospital, and a World Bank sponsored project for reconstruction of the facility.

Observation and Recommendation

443 The Committee took note of the explanation and recommends that Ministry of Health fast tracks the process of providing staff accommodation.

69.5 Lack of Hospital incinerator

444 Audit revealed that the hospital did not have a well-functioning incinerator. The incinerator in use was small and needed major repairs.

445 The Accounting Officer agreed with the Auditor General's observation. At the time of meeting him, anew incinerator been delivered, awaiting installation.

Observation and Recommendation

446 The Committee noted the explanation of the Accounting Officer and recommends that installation of the incinerator be fast tracked.

Para 70, Mubende Regional Referral Hospital

70.1 Lack of fire extinguishers

447 The Auditor General that the hospital buildings and drug store did not have fire extinguishers for protection of inventories and assets against fire, contrary to Treasury Accounting Instruction which require particular care to be taken to ensure that firefighting facilities are adequate and tested at least every six months.

448 The Accounting Officer agreed with the Auditor General's observation. The Hospital was elevated to Regional Referral status

at the beginning of financial year 2009/10, and but no extra funds were allocated. The total allocation of the hospital during the year under review was Shs. 213 million.

Observation and Recommendation

449 The Committee recommends that the hospital prioritizes procurement and installation of fire fighting equipment.

70.2 Lack of an incinerator;

450 The Auditor General noted that the hospital does not have a proper waste disposal system for waste and expired drugs.

451 The Accounting Officer agreed with the Auditor General's observation.

Observation and Recommendation

452 The Committee noted the explanation of the Accounting Officer and recommends that procurement and installation of an incinerator be fast tracked.

70.3 Unboarded off hospital vehicles

453 The Audit revealed that the Hospital owned two very old vehicles, a Suzuki reg. no UG 1169M and Peugeot Ambulance Reg. no. UG 1117M that had been lying in the hospital premises for a very long time and were recommended for board off

454 The Accounting Officer agreed with the Auditor General's observation. Due to shortage of vehicles, the Suzuki no UG 1169M was still being used for short distances.

Plans to board of Vehicle UG 1117M with other assets were underway.

455 Formal transfer of ownership of assets from Mubende Local Government to Central Government had not been done because the Hospital Management Board had not been put in place to receive

them. Names for the new board had been forwarded to the Minister of Health for appointment and thereafter installation/inauguration.

Observation and Recommendation

456 The Committee upholds the advice of the Auditor General to have the Accounting Officer formalize the issue of transfer of ownership from Mubende District Administration to Mubende Regional Referral Hospital and then have them boarded off following PPDA guidelines.

Para 29, Butabika Hospital

29.1 Salary Account

a) Unexplained adjustments on the Salary Account

457 The Auditor General reported that the salary bank account showed that the bank balance was increased by Shs.115, 505,300 through adjustments/entries made on 30th November 2009, some of which related to 2008, and the details of the adjustments were not availed to auditors.

458 The Accounting Officer agreed with the Auditor General's observation and explained that adjustments were done by Bank of Uganda to correct the posting errors.

Observation and Recommendation

459 The Committee noted that the salary for the period of August 2008 was duplicated and again offset from the salary account in October 2008 amounting to Shs. 114,217,366. The adjustment made in November 2009 (correction of the error) corresponded to the posting made in October 2008 and April 2009 of Shs. 114,217,366 and recommends that there should be timely bank reconciliation.

b) Un-credited salary release

460 The Auditor General reported the bank statement for the salary account for the month of August 2009 showed that the salary release for the month of August 2009 amounting to Shs.158, 914,191 was neither credited to the account nor the Treasury General Account. It was further reported that the salary account was perpetually overdrawn without appropriate authority being obtained by management to overdraw the account.

461 The Accounting Officer explained that the money was credited on the Hospital Treasury General Account but the transfer was not effected yet salary had been paid. This resulted into an overstated TGA and an understatement of the salary account.

Observation and Recommendation

462 The Committee observed that the release was credited to the Treasury General Account on 11th August 2009 and it was not transferred to the salary account during the period. However, Bank of Uganda paid the staff salaries for the period which led to overdrawing of the account to the tune of Shs. 113,440,867 as net salary at the end of August. The hospital had a credit balance of Shs. 165,591,681 on the Treasury General Account and a debit balance of Shs.155,584,982 which were remitted to Treasury thus funds were not diverted.

463 The Committee recommends that there should be timely bank reconciliation.

29.2 Lack of Approved Corporate/Strategic Plan

464 The Auditor General reported that the Butabika Hospital did not have a Strategic Plan in place, during the year under review.

465 The Accounting Officer agreed with the Auditor General's observation and submitted that at the time of audit, the entity was in an advanced stage of developing the master and strategic plans that were eventually completed.

Observations and Recommendations

466 The Committee was concerned with the practice of MDAs hiring consultants to develop for them strategic plan and noted that the expenditure of Shs. 240 million was wasteful expenditure.

467 The Committee further observed that the hospital was operating without an approved strategic plan yet work plans and budgets are drawn from the same.

468 The Committee further observed that whereas the hospital is resourced with technical people, Shs. 240 million was paid to a consultant to develop a strategic plan.

469 The Committee recommends that Parliamentary Sectoral Committees should always ensure that work plans and budgets of entities are drawn from approved strategic plans of MDAs.

470 The Committee further recommends that MDAs should desist from enlisting the services of consultants to develop strategic plans but rather use their internal human resource.

29.3 Increased Mental Disorder Burden in the Country

471 Audit analysis from the Hospital medical records showed an increased number of mental disorder cases in the country.

472 The Accounting Officer agreed with the observation and explained Ministry of Health under the support to the Health Sector Plan Project (SHSSP) had embarked on construction of regional referral hospitals as a way of decentralizing mental health services.

Observations and Recommendations

473 The Committee observed that there is inadequate psychosocial support for the mentally sick and little initiative in advocacy for mental health.

474 The Committee recommends that there should be adequate psychosocial support for the mentally sick and increased initiative in advocacy for mental health

29.4 Non Maintenance of an Asset Register

475 Auditor General reported that management did not maintain an Asset Register throughout the year under review.

476 The Accounting Officer explained that an asset register was in place and had a fixed data capture system that had been installed by the Accountant General. The register however had gaps because of the difficulties in capturing the values of the assets donated to the hospital and the dates when the old assets were acquired.

Observations and Recommendations

477 The Committee observed that the Accounting Officer agreed with the Auditor General's observation but took remedial measures to have the asset register in place after the audit.

478 The Committee recommends that the Accounting officer should regularly update the Assets Register with all necessary details as required under the Treasury Accounting Instructions.

29.5 Records Management

479 The Auditor General reported that there was poor record keeping at the hospital.

480 The Accounting Officer agreed with the observation and

explained that this arose from shortage of staff in the relevant section at the time. Following the Auditor General's observation, necessary steps were taken by recruiting a senior medical records officer, medical records officer and a medical records assistant.

Observations and Recommendations

481 The Committee noted the action taken by the Accounting Officer.

29.6 Staff Establishment

482 The Auditor General reported that the hospital had 71 vacant posts against the approved establishment structure of 381 at the end of the year under review. The entity had six employees whose postings were not on the approved organizational structure.

483 The Accounting Officer explained that they had been forced to recruit staff who were not on the approved structure to bridge the gap in critical areas but were following up the matter in order to fill the vacant posts accordingly.

Observations and Recommendations

484 The Committee observed that failure to fill the vacant posts affects the operations of the hospital hence affecting their objectives.

485 The Committee recommends that Accounting Officer liaises with the Ministry of Public Service and the Health Service Commission to have the vacant posts filled and also have employees posted to the Hospital according to the approved structure.

29.7 Delayed Crediting of Bank Account

486 The Auditor General reported that on 30th October, 2009, the Accountant General Issued a Cash Release/Treasury Credit Advice serial number 002608 advising that Shs.3.2 billion had been credited

to the Hospitals bank account number 219.203035.1, to cater for development activities for the months of October to December 2009.

487 It was noted however that the bank account was only credited on 18th January 2010, two and half months after the funds were released. Other releases issued during the year would be credited to the bank account within two days. Delays in release of funds affect timely implementation of planned activities.

488 The Accounting Officer explained that these particular funds were processed in November 2009 but Bank of Uganda delayed in passing the necessary entries. The funds were eventually received and paid to the contractors.

Observations and Recommendations

489 The Committee observed that whereas the release was made on 30th October 2009, the account was credited two and half months later which would expose the said amount of money to a risk of being diverted for personal gain.

490 The Committee recommends that management should always follow up cash releases for timely implementation of activities.

MEMBERS OF THE PUBLIC ACCOUNTS COMMITTEE WHO ENDORSED THE REPORT ON REGIONAL REFERRAL HOSPITALS FOR THE FINANCIAL YEAR ENDED 2010.

	Name	Constituency	Signature
1	Alaso Alice Asianut - **Chairperson**	Serere District	
2	Mwiru Paul - **Vice Chairperson**	Jinja Municipality East	
3	Ababiku Jesca	Adjumani County	
4	Ajok Lucy	Apac District	
5	Asupasa Isiko Wilson Mpongo	Busiki	
6	Besisira Ignatius	Buyaga East	
7	Boona Emma	Mbarara District	
8	Byarugaba Alex Bakunda	Isingiro South	
9	Dombo Emmanuel	Bunyole	
10	Kabakumba Matsiko	Bujenje County	
11	Kabasharira Naome	Ntungamo District	
12	Kamba Saleh	Kibuku	
13	Karuhanga Kafureeka Gerald	Youth Western	
14	Katwiremu Yorokamu	Sheema South	
15	Kiboijana Margaret N.	Ibanda District	
16	Kwizera Eddie Wa Gahungu	Bufumbira East	
17	Lwanga Timothy	Kyamunswa County	
18	Mugabi Muzaale Martin	Buzaaya	
19	Musasizi Henry Ariganyira	Rubanda East	
20	Musinguzi Yona	Ntungamo Municipality	
21	Nakato Kyabangi Katusime	Gomba District	
22	Nandala Mafabi Nathan	Budadiri West	
23	Nantume Jennifer Egunyu	Buvuma District	
24	Ogwang Peter	Youth Eastern	
25	Okot Ogong Felix	Dokolo	
26	Olanya Gilbert	Kilak	
27	Oleru Huda	Yumbe District	
28	Opolot Jacob Richard	Pallisa	
29	Ssekikubo Theodore	Lwemiyaga	
30	Ssewungu Joseph Gonzaga	Kalungu West County	