

PARLIAMENT OF THE REPUBLIC OF UGANDA

P.O BOX 7178, KAMPALA

JUNE 2014

Table of Contents

1.0 Introduction.....	1
1.1 Scope	1
1.2 Methodology	1
45.0 UGANDA BLOOD TRANSFUSION SERVICES	1
45.1 General/Consolidated Financial Position of the Entity	1
45.2 Procurement Documents	2
48.0 UGANDA CANCER INSTITUTE	2
48.1 Excess Expenditure.....	3
48.2 Domestic Arrears.....	4
48.3 Instrument Creating the Entity.....	4
48.4 Lack of Strategic Plan	5
48.5 Staff Training Arrangements	5
48.6 Lack of Procurement Plan	6
48.7 Stores Inspection.....	7
48.8 Under Utilized/ Unutilized Laboratory Equipment	7
48.9 Non Existence of National Policy on Cancer.....	8
48.10 Procurement of Drugs	9
a) Cost of Drugs	9
b) Consignment not received by UCI.....	9
c) Quality of Drugs Delivered.....	9
d) Partial/ Selective Delivery and Erratic Supply of Drugs and Sundries.....	11
e) Delayed Supplies and Stock out of Drugs.....	11
48.11 Construction of 5- Level Cancer Ward for UCI	12
49.0 UGANDA HEART INSTITUTE.....	13
49.1 Legal Framework	13
49.2 Management and Operational Challenges at UHI.....	14
49.3 Lack of an Approved Organization Structure	15
49.4 Lack of Human Resources Department.....	15
49.5 Lack of a Corporate/ Strategic Plan.....	16

1

The bottom of the page contains several handwritten signatures and initials in black ink. There are approximately 10-12 distinct marks, including what appear to be full names and initials, some with dates or other markings. The handwriting is cursive and somewhat stylized.

49.6 Staff Training Arrangements	17
49.7 Irregular Budget Provision.....	17
49.8 Lack of Procurement Plan	18
49.9 Supply of Drugs and Medical Sundries by NMS to UHI	18
49.10 Non Existence of National Policy on Cardio-Thoracic related Ailments	19
49.11 Project Accounts No. 223.214082.1.....	20
50.0 UGANDA AIDS COMMISSION	21
50.1 Over Expenditure	21
50.2 Inappropriate structure of the entity	22
50.3 Capacity to manage donor funds	23
50.4 Staffing position	23
50.5 Funding Arrangements for the Entity.....	24
50.5 Undelivered Generator	24
50.6 Domestic Arrears.....	25
50.7 Assessment of Delivery of Output.....	25
50.8 Follow up of the Forensic Audit Report on the Commission Activities for FY2008/09.....	26
50.9 The Inter-Governmental Authority on Development – Regional HIV/AIDS Partnership Program (IGAAD/IRP)	27
(a) Inter Account Borrowings.....	27
(b) Lack of Internal Audit Reviews.....	27
(c) Non acknowledgement of URA remittances.....	28
(d) Expenditure Lacking Accountability/support documents.....	28
(e) Delayed Release of Funds	29
(f) mkmkmkBudget Analysis.....	29
(g) Manual Accounting System.....	30
(h) Fixed Asset Management.....	30
(i) Acting Appointment for the position of IGAD Focal Person - Uganda.....	30
(j) Maintenance of Records	31
50.10 Inspections	32
(a) Busia Hotspot	32
Busia District	32
(b) Amuru Hotspot	32

The bottom of the page features several handwritten signatures and initials in black ink. These include a large signature on the left, a signature with 'Amuru' written above it, a signature with 'Busia' written above it, and several other initials and signatures scattered across the bottom right. Some of the signatures appear to be official or formal, while others are more casual.

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 Uganda Blood Transfusion Services, Uganda Heart Institute, Uganda Aids Commission and Uganda Cancer Institute.

2 The Committee interacted with the Accounting Officers of these Institutions and now begs to report as follows;

1.1 Scope

3 The Report covers audit queries of the Auditor General's Report for the year ended 30th June 2010, under Paragraphs 45 Uganda Blood Transfusion Services, 49 Uganda Heart Institute, 50 Uganda Aids Commission and 48 Uganda Cancer Institute.

1.2 Methodology

4 In Considering the Audit Report, the Committee;

- Held meetings and received responses to the audit queries from the Accounting Officers of the respective votes.
- Analysed the documents submitted to explain the queries under review.

Para 45, Uganda Blood Transfusion Services

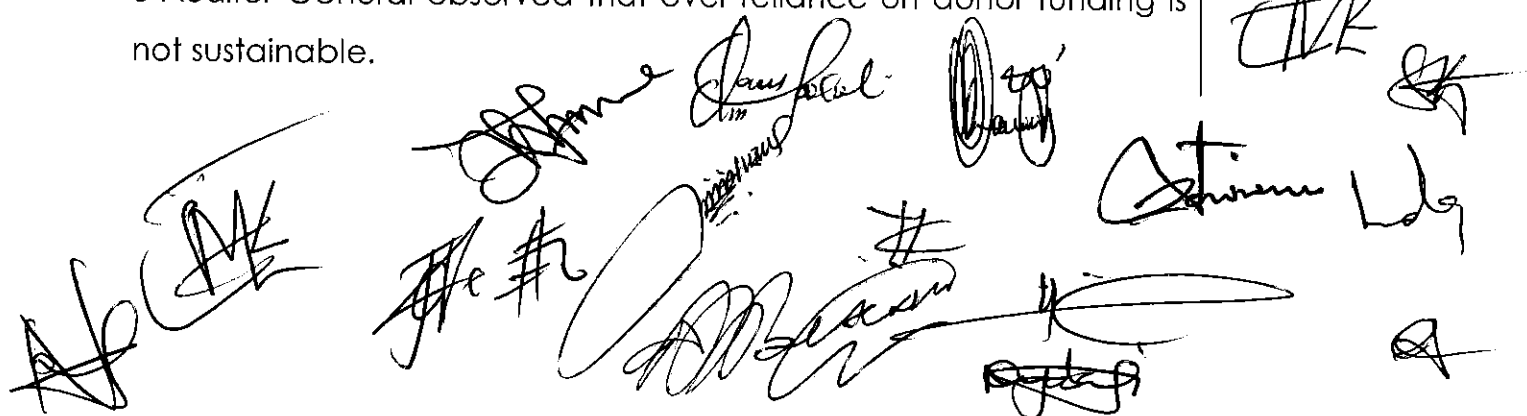
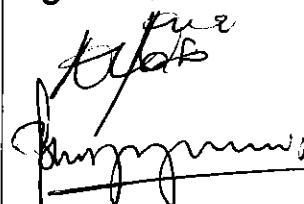
45.1 General/Consolidated Financial Position of the Entity

5 Audit revealed that only 30% of the UBTS budget was financed directly by the Government. The other portion was funded by various development partners. The funding gap in the period under review stood at 9.93 billion.

6 Auditor General observed that over reliance on donor funding is not sustainable.

Members'

Signature



7 The Accounting Officer agreed with the Auditor General's observation and explained that the problem had been brought to the attention of Ministry Finance.

8 The Accounting Officer further explained that in the case of critical inputs like blood testing kits, laboratory consumables and blood collection bags the Ministry of Health had intervened through supplementary allocation from the National Medical Stores.

9 As a strategy to attract more allocations from Government, the entity had come up with a proposal to be granted an autonomous status, and the proposal was under review by the Ministry of Health.

Observation and Recommendation

10 The Committee noted that whereas the proposal to make an entity semi-autonomous was believed to be a way of getting more funding, semi autonomy should not however be the basis for funding, but rather the mandate of the entity.

11 The Committee recommends that the Uganda Blood Transfusion Services should be granted autonomy and adequately funded by the government to carry out its mandate as it is a critical sector.

45.2 Procurement Documents

12 The Audit revealed that the institution did not have a list of pre-qualified suppliers for the year under review as required by the procurement guidelines.

13 The Accounting Officer agreed with the Auditor General's observation. The omission was caused by a delay in posting a substantial procurement officer to UBTS following a gap arising from a staff validation exercise carried out in 2007.

Observation and Recommendation

14 The Committee noted the submission of the Accounting Officer

Handwritten signature

SM

Handwritten signature

Handwritten signature

Handwritten signature

Handwritten signature

Handwritten signature

Handwritten signatures and marks

and recommends that the process be fast tracked.

Para 48, Uganda Cancer Institute

48.1 Excess Expenditure

15 Audit observed that the Institute incurred excess expenditure amounting to Shs. 316,894,620 without authority contrary to Public Finance and Accountability Act.

16 The Accounting Officer explained that the excess was caused by expenditure of Non Tax Revenue (NTR) collections on allowances for relief staff, following the advice of the Board that in order for the Institute to operate in the interim, it was important for management to conduct an assessment of the existing staff structure and fill essential vacant positions with qualified staff on temporary terms and pay their allowances from NTR collections.

17 Although there was authority in place for the use of revenue at source, the revenue and expenditure budget was not consolidated in the main budget for approval.

18 The Accounting Officer further explained that management had rectified the problem by consolidating the NTR revenue and expenditure budget in the main budget.

19 From the explanation of the Accounting Officer, the Committee noted that whereas the entity had authority to spend NTR as appropriation in aid, the amount in question was not spent in relation to the budget.

20 The committee recommends that the Accounting Officer should always spend NTR in appropriation in aid only to support their approved budget.

21 The Committee further recommends that the Accounting Officer be held responsible for spending Shs. 316,894,620 without due

[Handwritten signature]
4

SM

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]
help
[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

regard to the Public Finance and Accountability Act.

48.2 Domestic Arrears

22 Audit observed that the management incurred domestic arrears amounting to Shs. 225,340,260 which contravenes Commitment Control System of Government.

23 The Accounting Officer explained that the arrears indicated were composed of invoices that had accumulated before the Institute became autonomous. They were however taken on and cleared.

Observation and Recommendation

24 The Committee observed that the domestic arrears were inherited from the mother entity, Uganda National Health Research Organization under Mulago and therefore were not incurred by the accounting officer.

25 The Committee recommends that entities should adhere to government commitment control systems.

48.3 Instrument Creating the Entity

26 Auditor General reported that there was no Act/Instrument creating Uganda Cancer Institute as a government entity.

27 The Accounting Officer explained that the Institute was one of the constituent bodies that fall under Uganda National Health Research Organization, created by an Act of Parliament.

Observation and Recommendation

28 The Committee observed that indeed the Uganda Cancer Institute was a constituent body under the Uganda National Health Research Organization

29 The Committee recommends that since it is a vote, an instrument

Handwritten signature: H. K. K.

Handwritten initials: SM

Handwritten signature: J. K. K.

Handwritten signature: J. K. K.

Handwritten signature: J. K. K.

Handwritten signature: J. K. K.

Handwritten signature: J. K. K.

Handwritten signature: J. K. K.

Handwritten signature: J. K. K.

Handwritten signature: J. K. K.

Handwritten symbol: #

should be created to give legal basis to its existence.

48.4 Lack of Strategic Plan

30 The Auditor General reported that, Uganda Cancer Institute did not have a Strategic Plan in place.

31 The Accounting Officer agreed with the observation and explained that the process for procuring a consultant to develop a strategic plan had been initiated. Bids had been received and a contract awarded but there was a request for an administrative review, awaiting a final decision from PPDA.

Observations and Recommendations

32 The Committee noted the explanation and the measures undertaken to have the plan in place, and recommends that the issue be followed up by the Accounting Officer.

33 The Committee observed that the entities budget was approved without a strategic plan.

34 The Committee observed that the entity despite having qualified personnel who would develop a strategic plan chose to source for a consultant for the same.

35 The Committee recommends that Sectoral Committees of Parliament should only have budgets of entities approved inter alia upon presentation of strategic plans.

36 The Committee further recommends that the entity should desist from enlisting the services of consultants to develop their strategic plans.

48.5 Staff Training Arrangements

37 The Auditor General observed that Uganda Cancer Institute had an allocation of Shs. 192,000,000 for staff training, but it did not have

Handwritten signature
40

Handwritten initials

Handwritten signature

Handwritten signature

Handwritten signature

Handwritten signature

Handwritten signature

Handwritten signature

Handwritten signature

5 *Handwritten signature*

Handwritten signature

Handwritten signature

a training plan during the year under review.

38 The Accounting Officer explained that Management had developed a training policy but were advised to have an independent person go through it. Consequently, the entity entered into a memorandum of understanding with an experienced resource person to finalize the policy.

Observation and Recommendations

39 The Committee observed that whereas the Auditor General talked of a training plan under review, the Accounting Officer dwelt on a training policy which would be a basis for the plan hence admitting the audit issue.

40 The Committee recommends that sectoral committees of parliament should only have budgets of entities approved in respect of human resource development upon presentation of human resource policy and staff training plans

41 The Committee further recommends that the Accounting Officer should fast track staff training plans.

48.6 Lack of Procurement Plan

42 Audit observed that the Uganda Cancer Institute did not have a Procurement Plan to guide it in the procurement of goods, works, and services contrary to PPDA regulations.

43 The Accounting Officer explained that they had a procurement plan that did not conform to the prescribed format. This anomaly was attributed to the caretaker staff that were manning the Procurement Unit at the time. The entity replaced the staff and procurement planning was being done on an annual basis.

Observation and recommendations

44 The Committee observed that the entity did not have qualified

Handwritten signature and initials at the top right.

Handwritten initials "SM" below the signature.

Handwritten signature "J. B. B. B." on the right margin.

Large handwritten signature on the right margin.

Handwritten signature below the large signature.

Handwritten signature "A. K. S." on the right margin.

Multiple handwritten signatures and initials at the bottom of the page, including "J. B. B. B.", "A. K. S.", and others.

persons to come up with a procurement plan which left the committee wondering how their budget was approved.

45 The Committee recommends that Sectoral Committees of Parliament should stop approving budgets of entities without procurement plans.

46 The Committee further recommends that the appropriate human resource be recruited to facilitate effective running of the institute.

48.7 Stores Inspection

47 Audit observed limited space and poor storage of supplies.

48 The Accounting Officer explained that storage had partially been addressed. They installed had three containers with Air conditioning systems for safe storage for the different drug items that require cool conditions. The initial store had been decongested as the items that had just been delivered were eventually allocated to the various wards.

Observation and Recommendation

49 The Committee observed that the Accounting Officer after taking cognizance of the audit observation took remedial measures to rectify the anomalies.

50 The Committee recommends that the Accounting Officer be held responsible for failure to take timely action on the poor storage of supplies

48.8 Under Utilized/ Unutilized Laboratory Equipment

51 Auditor General observed that most of the new state of the art equipment were either underutilized or not utilized at all due to lack of reagents.

52 The Accounting Officer agreed with the observation, and

Handwritten signatures and initials at the top right of the page.

Handwritten signature on the right margin.

Handwritten signature on the right margin.

Handwritten signature on the right margin.

Handwritten signature on the right margin.

Handwritten signature and initials at the bottom right of the page.

Handwritten signatures and initials at the bottom left of the page.

48.10 Procurement of Drugs

a) Cost of Drugs

59 Audit observed that centralized procurement of drugs and medical sundries was expected to result into cheaper drugs because of the volumes involved. However, the prices charged by NMS were higher than those on the open market prices.

Observation and Recommendation:

60. Whereas the Accounting Officer agreed with the Auditor General's observation, the Committee observed that this was anomalous and should be corrected.

b) Consignment not received by UCI

61 Audit observed that Support medicine worth Shs. 2,065,062 was not received by UCI.

62 The Accounting Officer explained that it was hard for UCI to know whether the money was deducted from the account or not. This also applied to the rejected items since they would never get to know what happened to the money for such items. This made reconciliation of funds difficult.

Observation and Recommendation

63 The Committee observed that in spite of the various attempts by the Accounting Officer to get NMS to reconcile its deliveries with the orders, they were simply ignored. The committee noted various communications by the Accounting Officer to NMS.

64 The Committee recommends that Executive Director NMS, be held responsible for negligence of duty which has a direct impact on the life of patients.

c) Quality of Drugs Delivered

Handwritten signatures and initials at the top right of the page.

Handwritten signature: "Imu Bunt"

Handwritten signature: "Mwambi"

Handwritten signature: "Dag"

Handwritten signature: "HK"

Handwritten signature: "Sh"

Handwritten signatures and initials at the bottom right of the page.

Handwritten signatures and initials at the bottom left of the page.

65 Auditor General reported that cancer drugs were potentially poisonous and were prescribed in combination of up to four drugs. The drugs were intravenously administered and for this reason, quality, timing and the right dose of drugs are of paramount importance in the effective treatment of cancer.

66 The Accounting Officer explained that some of the medicines needed specific diluents to mix them. An example was given of Docetaxel that would sometimes be sent without a diluents and administering this particular medicine was not possible. This led to medicines wastage, since most times they could do not use it to treat the patients

Observation and Recommendations

67 The Committee observed that delayed supplies, stock outs of drugs, inability to supply specialized drugs and medical sundries, supply of poor quality drugs and deliveries made to UCI affected service delivery during the period under review.

68 The Committee observes that whereas there is National Drug Authority, an entity mandated to deal with quality of drugs, there is still supply of poor quality drugs by NMS.

69 The Committee recommends that the National Drug Authority should strengthen inspection and testing of drugs imported and locally manufactured to ensure that they comply/meet international set standards.

70 The Committee recommends that the minister of health put in place a mechanism to harmonize requirements of the hospitals (user departments) and the procuring agency (National Medical Stores). Means should be devised to address the current challenges in the implementation of the policy on the procurement of medical drugs.

*After the
Programme!*

SL

Imv. Bunt.

Imv. Bunt.

Imv. Bunt.

Imv. Bunt.

Imv. Bunt.

Imv. Bunt.

Imv. Bunt.

Imv. Bunt.

Imv. Bunt.

service delivery hence putting patients at risk given the critical nature of the illness (Cancer)

79 The Committee recommends that NMS should ensure timely delivery, strict procurement and stocking of all drugs required for cancer treatment.

48.11 Construction of 5- Level Cancer Ward for UCI

80 The Auditor General noted that the Contract for the construction of a 5-Level Cancer Ward worth Shs. 5,783,789,753 was awarded to a company, but there was a change of the construction site without making adjustments to the BOQs

81 The Accounting Officer submitted that after the audit, the BOQs with a request for retrospective waiver were submitted to PPDA which declined to grant the waiver as the application was retrospective given that the foundation works were already completed.

82 The additional facilities that had not been included in the initial plan and BOQ were then added to better utilize the created Space.

83 These included; the Operating theatre, Diagnostic radiology rooms like the CT Scan, Nuclear Medicine room which will accommodate the PET scan, the Mortuary, rooms for investigations like the Ultrasound scan and fluoroscopy as well as plain X ray were not part of the plan and required mandatory specific thicknesses of the concrete which were all incorporated in the construction process.

Observation and Recommendation

84 The Committee took note of the reasons that occasioned the change of site

Handwritten signatures and initials at the top right of the page.

Handwritten signature: Jim Bwambale

Handwritten signature and initials in the middle right margin.

Handwritten initials: AK

A large cluster of handwritten signatures and initials at the bottom of the page.

85 The Committee observed that the Accounting Officer without any legal instrument and due process made variations of Shs.5, 174,107,400 (89.5%) as follows;

- Shs. 2, 197,840,106 (38% of the contract price) variation for basement
- Shs.2,976,267,294 (51.5% of the contract price) variation for extra works

86 The Committee further observed that Shs. 2, 197,840,106 (38% of the contract price) variation for basement was paid out to the contractor without any contract.

87 The Committee undertook an on spot assessment of the progress of the project at the Cancer Institute and came to a conclusion that there was no value for money attained.

88 The Committee recommends that the consultant and the Accounting Officer be held responsible for certifying the work for which there were no BOQs.

89 The Committee recommends that the Accounting Officer be held responsible for paying Shs.2, 197,840,106 without a valid contract.

90 The Committee recommends that the Accounting Officer be held responsible for any losses that may have resulted and for flouting the PPDA Act and regulations there under.

91 The Committee further recommends that the IGG investigates the said procurement with the intention of prosecuting those culpable.

92 The Committee recommends that an urgent engineering audit be undertaken to establish value for money.

Para 49, Uganda Heart Institute

49.1 Legal Framework

93 The Auditor General noted that there was no Act/Instrument

Handwritten signatures and initials in the right margin, including a large signature at the top and the letters 'JM' below it.

Handwritten signature in the right margin.

Handwritten signature and initials in the right margin.

Handwritten initials in the right margin.

A collection of handwritten signatures and initials at the bottom of the page, including a large signature on the left and several others on the right.

creating the Uganda Heart Institute as a Government entity, to provide an enabling legal framework within which to discharge its functions.

94 The Accounting Officer agreed with the observation and provided evidence that the matter had been followed up with the relevant offices namely; the Permanent Secretary, Ministry of Health and the Solicitor General Office

Observation and Recommendation

95 The Committee observed that whereas UHI lacked a legal instrument, a draft bill has been presented to Cabinet to cure this anomaly.

96 The Committee also took note of the resolution by the former shareholders (Makerere University, Mulago Hospital, Ministry of Health and Uganda Heart Foundation) to dissolve the Company.

97 The Committee recommends that the Ministry of Health should fast track the process of having a legal instrument in place and urgently table the UHI bill within 1 month.

49.2 Management and Operational Challenges at UHI

98 Audit observed that the UHI become a vote on 1st July 2009 and it had been established as a Company Limited by a guarantee. The UHI as a Company had a Board of Governors that even recruited the personnel before UHI became a vote.

99 The Memorandum and Articles of Association did not spell out the roles and responsibilities of the stakeholders which complicated matters and its relationship with other stakeholders (Health Service Commission, UHI Board & Public Service Commission).

100 The Accounting Officer agreed with the observation and submitted that the matter had been brought to the attention of the

Handwritten signature

SM

Handwritten signature

Handwritten signature

Handwritten signature

Handwritten signatures and initials at the bottom of the page, including a date '14'.

relevant Parliamentary Committee.

Observation and Recommendation

101 The Committee observed that while Uganda Heart Institute was a body corporate and government had already made a decision to grant it a vote status, the Institute needed to harmonize its relationship with the public service Commission, the Health Service Commission and the Uganda Heart Institute Board.

102 The Committee recommends that, in order to smoothen the operation of Uganda Heart Institute, there is an urgent need to bring together the stakeholders and define roles under a new legal framework that is; the Uganda Heart Institute Bill.

49.3 Lack of an Approved Organization Structure

103 The Uganda Heart Institute operated throughout the year under review without an approved organizational structure which negatively impacted on the implementation of the Institute's activities.

104 The Accounting Officer agreed to the Auditor General's observation. He submitted that the structure was eventually approved in July 2011.

Observation and Recommendations

105 The Committee observed that the creation of an organization structure was a matter of law as the Company's Act provides the Board and the Annual General Meeting as the structures of the Company and therefore government cannot direct a private Company.

106 The Committee recommends that the Minister of Health should fast track the process of having a legal instrument in place.

107 The Committee further recommends that government pursues the option of lifting the veil of incorporation with a view of turning Uganda Heart Institute limited into Uganda Heart Institute.

49.4 Lack of Human Resources Department

Handwritten signatures and initials on the right margin:
- Top: "HKS" with "pre" above it.
- Middle: "J. M. M." with "J. M. M." below it.
- Bottom: "J. M. M." with "J. M. M." below it.

plans are drawn should be a basis upon which resources are allocated to the entity.

49.6 Staff Training Arrangements

116 Audit reveals that the Uganda Heart Institute did not have a training plan during the year under review, though the Ministerial Policy Plan had Shs. 21,000,000 allocated for training.

117 The Accounting Officer agreed to the Auditor General's observation.

Observation and Recommendation

118 The Committee observed that the absence of staff training plan affected proper Human Resource Development.

119 The Committee recommends that the Accounting Officer be held responsible for failure put in place a staff training manual.

49.7 Irregular Budget Provision

120 Audit observed that there was a budget provision of Shs. 150,000,000 for construction of roads and bridges, which was not a core function of the Institute.

121 The Accounting Officer explained that the funds were used to procure a vehicle for the Institute.

Observations and Recommendations

122 The Committee observed that the entity budgeted for roads and bridges which were not their mandate.

123 The Committee further observed that such conduct was intended to divert public funds from the priorities of the entity that is why it was used to procure vehicle which was not within their work plan and budget hence the diversion.

124 The Committee observed that the Parliamentary Sectoral

Handwritten notes and signatures:
Kipf
Buzungu
y
SM

Handwritten signature:
Juvanchu

Handwritten signature:
[Signature]

Handwritten signature:
[Signature]

Handwritten signature:
[Signature]

Handwritten signatures and initials at the bottom of the page:
[Multiple signatures and initials]

Committee responsible for health did not carry out due diligence before recommending for budgetary approval of the entity.

125 The Committee recommends that the Accounting Officer be held responsible for diversion of public funds.

126 The Committee recommends that the relevant Parliamentary Sectoral Committee should never approve activities that do not fall under the entity.

49.8 Lack of Procurement Plan

127 The Audit revealed that the entity did not have a Procurement Plan to guide its procurements during the year under review.

128 The Accounting Officer agreed with the audit observation.

Observation and Recommendations

129 The Committee observed that the absence of the Procurement plan created haphazard procurement within the entity.

130 The Committee recommends that the relevant Parliamentary Sectoral Committee should never recommend approval of budgets of entities without procurement plans.

49.9 Supply of Drugs and Medical Sundries by NMS to UHI

131 Audit revealed shortcomings in supply of essential drugs to the Institute by NMS namely:-

- Erratic supply of drugs
- Stock outs of drugs
- Delays in supply of drugs
- Failure to supply some drugs,
- Supply of wrong specifications of drugs and poor quality of drugs.

132 The Accounting Officer agreed with the Auditor General's

Handwritten signatures and initials:
Kifca
Buzgum
Y
EM

Handwritten signature:
Lumbach

Handwritten signatures and initials:
Munira
D
HAK

Handwritten signatures and initials:
18
J
#2
W
Z
S
S
S
S
S

observation, and explained the problem arose from a combination of stringent PPDA regulations that did not cater for their unique needs, and the budget provision that was not adequate to procure the required highly specialized drugs/ Sundries, implants and chemical laboratory reagents for the Heart Institute.

Observations and Recommendations

133 The Committee observed that delayed supplies, stock outs of drugs, inability to supply specialized drugs and medical sundries, supply of poor quality drugs and deliveries made to UHI affected service delivery during the period under review.

134 The Committee observes that whereas there is National Drug Authority, an entity mandated to deal with quality of drugs, there is still supply of poor quality drugs by NMS.

135 The Committee recommends that the National Drug Authority should strengthen inspection and testing of drugs imported and locally manufactured to ensure that they comply/meet international set standards.

136 The Committee recommends that the Minister of Health put in place a mechanism to harmonize requirements of the hospitals (user departments) and the procuring agency (National Medical Stores). Means should be devised to address the current challenges in the implementation of the policy on the procurement of medical drugs.

49.10 Non Existence of National Policy on Cardio-Thoracic related Ailments

137 Audit observed that the country did not have a National Policy on Cardio-Thoracic management to give direction on how the prevalence should be managed.

Handwritten signatures and initials at the top right of the page.

Handwritten signature.

Handwritten signature.

Handwritten signature.

Handwritten signature.

Handwritten signatures and initials at the bottom left of the page.

Handwritten signature.

Handwritten signature.

138 The Accounting Officer agreed with the Auditor General's observation and further explained that the Ministry of Health was addressing the problem through the Non Communicable Disease Programme (NCD).

Observation and Recommendation

139 The Committee observed that the Non Communicable Disease Program (NCD) used to fill the gap of the Non Existence of a Policy on Cardio Thoracic related ailments was inadequate.

140 The Committee recommends that a policy on Cardio Thoracic Ailments should be put in place by the Ministry of Health.

49.11 Project Accounts No. 223.214082.1

141 Auditor General reported that the Project Account No. 223.214082.1 was opened by Mulago Hospital on behalf of UHI. This was during the time when it was a department of Mulago Hospital Complex. Shs. 2,060,013,297 out of Shs. 4,879,000,000 (equivalent to USD. 2,700,000) Transferred by Treasury to Mulago Hospital Account was not remitted to UHI Account.

142 The Accounting Officer explained that Mulago Hospital acknowledged receiving Shs 4,098,418,000 and not Shs. 4,879,000,000 (Equivalent to USD 2.7 million). Shs. 2,818,986,703 was remitted to Uganda Heart Institute account while Shs. 303,822,000 was paid directly to the UHI suppliers. The balance of Shs. 975,609,297 was eventually remitted to the Institute in December 2010.

Observations and Recommendations

143 The Committee observed that the direct payment by Mulago of Shs. 303,822,000 to the entities Suppliers was irregular as the Accounting Officer did not prove supplies made to it to warrant

free
Signature
Signature
Signature

Signature

Signature
Signature

Signature

Signature

Signature

Signature

Signature

Signature

Signature

Signature

Signature

Signature

Signature

such payment.

144 The Committee further observed that Shs. 975,609,297 allegedly eventually remitted to the entity in December 2010, Six (6) months after the end of the financial Year, ought to have been returned to the Consolidated Fund as at 30th June 2010

145 The Committee recommends that a Special Audit be carried out to ascertain value for money for Shs. 303,822,000 directly paid to the suppliers by Mulago Hospital for and on behalf of Uganda Heart Institute.

146 The Committee further recommends that a Forensic Audit be carried out to establish value for money for Shs. 975,609,297 received 6 months after the close of a financial year, transferred from Mulago to UHI and Shs. 780,582,000 transferred by the Treasury to Mulago but reportedly not received by Mulago.

Para 50, Uganda Aids Commission

50.1 Over Expenditure

147 The Auditor General observed that the Commission spent Shs.17, 241,118 above the approved amounts on various items without relevant authority.

148 The Accounting Officer agreed with the Auditor General's observation, and explained that a letter was written to the Ministry Of Finance seeking retrospective authority but no response.

Observation and Recommendation

149 The Committee observes that spending the money before getting the response from PS/ST was anomalous and defeated the purpose for which authority had been sought.

150 The Committee recommends that the Accounting Officer

Handwritten signatures and initials in the top right margin.

Handwritten signature in the middle right margin.

Handwritten signature and initials in the middle right margin.

Handwritten initials in the middle right margin.

Handwritten initials in the middle right margin.

Large handwritten signatures and initials at the bottom of the page.

should be held responsible for abuse of budgetary control procedures.

50.2 Inappropriate structure of the entity

151 Audit observed that the staff structure had gaps that could not allow the Commission to effectively handle the complex coordination activities entrusted to it at the national level.

152 The Accounting Officer agreed with the Auditor General's observation, and explained that corrective measures were taken as follows;

- A new Board of Commissioners for Uganda AIDS Commission was constituted in February 2011.
- A detailed Institutional Organization Development Review of UAC Board, UAC Secretariat and the National HIV/AIDS Response was undertaken and a review was carried out by external independent consultants. The review proposed new organizational and salary structures for UAC Secretariat which was approved by Government. The structure increased staffing of UAC from 54 to 84 staff.
- Recruitment of staff to fill positions in the new organizational structure had already started but was limited by the wage bill ceiling

Observation and Recommendation

153 The Committee observes that the Accounting Officer had taken positive steps to address the problem after the audit as evidenced above.

154 The Committee recommends that the Accounting Officer should always carryout prompt reviews of the structure and make submissions to the board and subsequently to Public Service for

Handwritten signatures and initials at the top right of the page.

Handwritten signature: "Innocent"

Handwritten signature and initials in the middle right margin.

Handwritten initials "AK" in the middle right margin.

A large collection of handwritten signatures and initials at the bottom of the page, including names like "Shame", "Paul", and "John".

filling the vacant posts on time to enhance service delivery.

Handwritten signatures and initials at the top right of the page.

50.3 Capacity to manage donor funds

155 Auditor General observed that a firm had been hired to manage the funds of the entity by the development partners.

156 The Accounting Officer agreed with the Auditor General's observation, and explained that the Development partners hired a private firm (Deloitte & Touche) to manage their funds on behalf of the Commission citing inadequate capacity at the Commission. The development partners undertook the above position and promised to reverse it only if the commission strengthened its finance and internal audit functions.

157 The Accounting Officer further submitted that an Institutional Review had been carried out and critical positions especially in the finance and audit departments filled. An MOU to have the funds managed by the Commission by 1st August 2012 had been planned.

Handwritten signatures and initials on the right margin, corresponding to paragraphs 156 and 157.

Observation and Recommendation

158 The Committee observed that it is not good practice for the Development Partners to hire a consultant to manage the entities' finances as this undermines the entities' opportunities to develop their capacity to manage their finances.

159 The Committee recommends that the entity strengthen its finance and audit functions.

50.4 Staffing position

160 The Auditor General noted that the organization structure provided for 54 posts but only 46 posts were filled. Audit further noted high staff turnover.

Handwritten signatures and initials on the right margin, corresponding to paragraph 160.

Large handwritten signatures and initials at the bottom of the page, including a prominent signature with the number 23.

161 The Accounting Officer agreed with the Auditor General's observation and explained corrective measures had been taken and the positions were filled.

Observation and Recommendation

162 The Committee noted that after the audit, efforts were undertaken to address the staffing levels but there was no effort to address the high turnover.

163 The Committee recommends that the recruitment be fast tracked to fill the staffing gap and efforts be made to address the high staff turnover.

50.5 Funding Arrangements for the Entity

164 Auditor General reported that only 60% of the Commission budget was financed directly by the Government and the balance by development partners which may result in sustainability challenges.

165 The Accounting Officer agreed with the Auditor General's observation. The matter had been brought to the attention the Ministry of Finance, Planning and Economic Development, including exploring the possibility of creating a national AIDS fund.

Observation and Recommendation

166 The Committee noted the proposal mooted by the Accounting Officer and urges government to allocate more funds to the Commission.

50.5 Undelivered Generator

167 Auditor General noted that, although the entity had fully paid Shs. 27,531,638 to a firm for supply of a generator, this had remained undelivered.

[Handwritten signatures and initials in the top right margin]

[Handwritten signature in the middle right margin]

[Handwritten signature in the lower right margin]

[Handwritten initials in the lower right margin]

[Large collection of handwritten signatures and initials at the bottom of the page]

(c) Non acknowledgement of URA remittances

193 Audit observed absence of URA acknowledgement receipts.

194 The Accounting Officer agreed with the audit observation that receipts of Shs. 4,825,653 and Shs. 1,433,266 from URA for PAYE and WHT respectively had not been received at the time of the audit. The receipts were eventually collected from URA and are available.

Observation and Recommendation

195 The Committee noted laxity on part of the Accounting Officer and recommends that the entity should promptly pick receipts from URA.

(d) Expenditure Lacking Accountability/support documents

196 Audit was not provided with documents relating to expenditure amounting to Ug.Shs.12, 525,000= meant for per diem for participants for several workshops and expenditure amounting to Ug.Shs.5, 120,000= being funds for safari to Busia for Mini Launch of IGAD project.

197 The Accounting Officer agreed with the Auditor General's observation. The activity took place towards the end of the financial year and the supporting documents were not complete by the time of the audit.

Observation and Recommendation

198 The Committee observed that the Treasury accounting instructions require funds advanced to any officer for any activity to be accounted for within sixty days from the date of disbursement and the audit took place six months after the close of the financial year.

199 The Committee recommends that the Accounting Officer be held responsible for failure to account for Shs.17, 645,000 advanced

As per
Program
14
SM

Subcommittee

Chairman
[Signature]

AK

[Multiple signatures and initials]
#6 #1
28
hdy
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

to various officers within the statutory time and be made to recover the same.

(e) Delayed Release of Funds

200 Auditor General reported that remittances to the districts and the implementing partners were supposed to be done in two equal installments per year, but funds were remitted late

201 The Accounting Officer agreed with the Auditor General's observation. The release of funds to implementing Partners was dependent on actual receipt of funds from Donors by UAC. There was a delay in receipt of funds from Donors.

Observation and Recommendation

202 The Committee observed that remittance of funds by UAC was dependent on the receipt of funds from the development partners.

203 The Committee recommends that release of funds should be streamlined so as not to affect planned activities of the respective entities.

(f) Budget Analysis

204 Audit observed that there was no budgetary analysis during the period under review, and no Vote Book was maintained to track expenditures.

205 The Accounting Officer agreed with the Auditor General's observation that there was no vote book maintained in respect of IGAD/ IRAPP funding at the time of the audit.

Observation and Recommendation

206 The Committee observed that absence of budget analysis and vote book maintenance makes tracking of expenditure difficult.

Handwritten signatures and initials at the top right of the page.

Handwritten signature on the right margin.

Handwritten signature and initials on the right margin.

Handwritten initials on the right margin.

Multiple handwritten signatures and initials at the bottom of the page.

207 The Committee recommends that there should be timely budget analysis and maintenance of vote book in order to track the entity's expenditure.

(g) Manual Accounting System

208 The Auditor General reported that the program did not have a computerized accounting system in its finance department.

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

Observation and Recommendation

210 The Committee observed that a computerized accounting system eases the book keeping process.

211 The Committee recommends that the Accounting Officer should budget to obtain an appropriate Accounting package to ease book keeping process.

(h) Fixed Asset Management

212 The Auditor General reported that the program did not maintain a fixed assets register to record the fixed assets it owned.

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

Observation and Recommendation

214 The Committee observed that absence of an Asset register would lead to abuse of the entity's assets.

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

i) Acting Appointment for the position of IGAD Focal Person - Uganda

[Handwritten signatures and initials at the bottom of the page, including "James", "30", "Jahiem", "Hdy", and others.]

[Handwritten signatures and initials in the top right margin, including "James", "Shygyun", "14", and "SM".]

[Handwritten signature "Jahiem" in the middle right margin.]

[Handwritten signatures and initials in the bottom right margin, including "Jahiem" and "Hdy".]

216 Auditor General observed that the position of a Project Focal Person responsible for the general coordination and direction of the project activities had remained without a substantive officer for 11 months.

217 The Accounting Officer explained that the Focal Person for the project absconded and management temporarily appointed a staff to coordinate the IGAD activities

Observation and Recommendation

218 The Committee observed that the absence of a permanent focal person of the project substantially affected the project performance.

219 The Committee recommends that the entity should always comply with MoUs signed under projects as non-compliance impacts negatively on the entity's capacity to undertake projects.

(j) Maintenance of Records

220 The Auditor General reported that the project maintained one set of records for the IGA funds and the UNHCR funded activities contrary to the MOU.

221 The Accounting Officer explained that this was a one off transaction relating to care and maintenance for Kyakka II Refugee Camp.

Observation and Recommendation

222 The Committee observed that non maintenance of separate records of the project funds could hinder proper accountability and was contrary to the MOU.

223 The Committee recommends that in future separate records should be kept by the accounting officer.

from the Implementing Partner (Friends of Christ Revival Ministries), the implementing Partner was paying monthly staff salaries amounting to Ug.Shs.1.7 m from the project budget but the activity had not been provided for under the project work plans and budget.

229 The Accounting Officer explained that the Project Focal Person had discussed this shortcoming with implementers of the project and it was agreed that only the activities in the work plan should be implemented and funds wrongly allocated be recovered from the next disbursement.

Observation and Recommendation

230 The Committee noted the explanation and recommends that the Accounting Officer be held responsible for the anomaly as it affects project goals and objectives.

(b) Amuru Hotspot

• Implementation of Planned Activities

231 Auditor General observed that out of the total amount of Ug.Shs.45, 584,000= advanced to the district for the implementation of planned activities for the first half of the year, only Ug.Shs.19, 366,600= had been spent by the time of audit.

232 The Accounting Officer explained that the Activities for the Amuru Hotspot started rather late, but the first allocation had eventually been spent, accounted for, and replenishment to their bank account for subsequent activities done.

Observation and Recommendation

233 The Committee observed that Shs. 26,217,400 was unspent at the close of the financial year which poses a risk of the activity not being implemented in the subsequent year as it falls outside the work plan.

Handwritten signatures and initials at the top right of the page.

Handwritten initials "SM" with an arrow pointing to the text in paragraph 229.

Handwritten signature "J. M. M." on the right margin.

Handwritten signature "J. M. M." on the right margin.

Handwritten signature "H. K." on the right margin.

Handwritten signature "Shame" and other illegible marks at the bottom left.

Handwritten signature "Paul" and other illegible marks at the bottom center.

Handwritten signature "K. K." and other illegible marks at the bottom right.

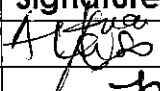
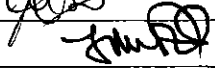


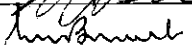



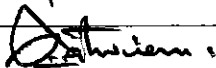

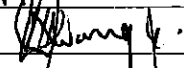
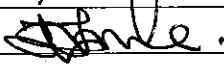
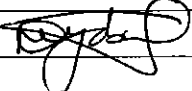
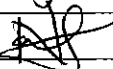
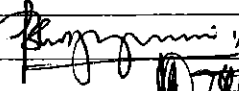

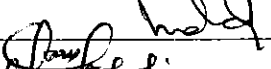
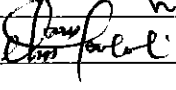
cer
for



John B. Smith

Shane
hdy
34
Campbell
Sullivan
J. J.
J. J.
J. J.
J. J.

**PAC MEMBERS WHO ENDORSED THE COMMITTEE REPORT ON HEALTH INSTITUTIONS
FOR THE YEAR ENDED 30TH JUNE 2010**

	Name	Signature
1	Alaso Alice Asianut - Chairperson	
2	Mwiru Paul - Vice Chairperson	
3	Ababiku Jesca	
4	Ajok Lucy	
5	Asupasa Isiko Wilson Mpongo	
6	Besisira Ignatius	
7	Boona Emma	
8	Byarugaba Alex Bakunda	
9	Dombo Emmanuel	
10	Kabakumba Malsiko	
11	Kabasharira Naome	
12	Kamba Saleh	
13	Karuhanga Kafureeka Gerald	
14	Katwiremu Yorokamu	
15	Kibojana Margaret N.	
16	Kwizera Eddie Wa Gahungu	
17	Lwanga Timothy	
18	Mugabi Muzaale Martin	
19	Musasizi Henry Ariganyira	
20	Musinguzi Yona	
21	Nakato Kyabangi Katusime	
22	Nandala Mafabi Nathan	
23	Nantume Jennifer Egunyu	
24	Ogwang Peter	
25	Okot Ogong Felix	
26	Olanya Gilbert	
27	Oleru Huda	
28	Opolot Jacob Richard	
29	Ssekikubo Theodore	
30	Ssewungu Joseph Gonzaga	