PARLIAMENT OF UGANDA



REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR GENERAL'S FINDINGS ON THE MINISTRY OF HEALTH AND MULAGO REFERAL HOSPITAL FOR THE YEAR ENDED 30TH JUNE 2010

OFFICE OF THE CLERK TO PARLAMENT,

PARLIAMENT OF UGANDA,

P.O BOX 7178, KAMPALA

JUNE 2014

TABLE OF CONTENTS

1.1Scope	
1.1Scope	
1.2 Methodology	1
2.0 General Observations	1
2.1 Domestic Arrear	1
2.2 Human Resource for Health	2
2.3 Expired drugs	2
2.4 Stores management	
2.6 Update assets registers	
15.0 HEALTH	3
15.1 Expenditure not accounted for	3
15.1.1 Outstanding Advances	3
15.2 Bank Account	
15.2.1 Overdrawn Bank Account	
15.2.2 Amount not returned to Treasury	5
15.3 Domestic Arrears	
15.3.1 Payables not adequately supported	
15.3.2 New outstanding Commitments	7
15.3.3 Un-reconciled Amounts reflected as Domestic Arrears 8	
15.4 Mischarge of Expenditure (Shs.650, 553,913)	}
15.5 Refund to GAVI9	
15.6 Nugatory Expenditure11	
15.7 Sale of Motor Vehicles11	
15.8 Lack of Contracts Committee Approval12	
15.9 Lack of Stores Cadre12	
15.10 Under staffing13	
15.11 Contract staff appointments14	

15.12 Procurement of Anti-retreviral and Artemisin combination Therapies14
15.12.1 Payments for Utilities.1515.12.2 Assessment of Delivery of Outputs.1615.12.3 Asset Management.1615.12.4 Human Resource Management.17
(i) Staff Performance appraisal17
(ii) Updating of records
15.12.5Inspections
(i) Ineligible expenditure25(ii) Accounting system25(iii) Budget performance26
(iv) Utilization of Ambulances
(a) Slow pace of resource utilization
28.1 Over expenditure on employee costs34
Observation and recommendation34
28.2 Domestic Arrears35
Observation and recommendation

28.3 Release not credited to the Treasury General Account	35
Observation and recommendation	36
28.4Letters of Credit (LCs)	36
Observation and recommendation	36
28.5 Assessment of Delivery of Outputs	37
Observations and Recommendations	37
28.6 Salary Bank A/C	37
Observations and recommendations	38
28. 7 Utilities	38
Observation and Recommendation	38
28.8Lack of a Procurement Plan	
Observation and Recommendations	39
28.9Lack of Performance Security	39
Observation and Recommendations	40
28.10 Vacant Posts	40
Observation and Recommendations	41
28.11 Expired Staff Contracts	41
Observation and Recommendation	41
28.12 Staff Training Arrangements	
Observation and Recommendations	41
28.13 Payments to Intern Doctors	
Observations and Recommendation	
28.14 Payments to Relief Staff Shs.101, 220,252	43
Observation and recommendation	
28.15 Supply of Drugs and Medical sundries by NMS	43
Observation and recommendation	44

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 Ministry of Health and Mulago Hospital.
- 2 The Committee interacted with the Accounting Officers of the two sectors 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 15 Ministry of Health and 28 Mulago Hospital

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.

2.0 General Observations

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

2.1 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 below the actual consumption requirements.

Junden !

Jim rund

Members' Signature

Three

Strom

James Composit

- Shew

TO STATE OF THE PARTY OF THE PA

A

2.2 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.

2.3 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 is charged with the responsibility to collect and destroy such drugs did not play its part.

2.4 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.

2.5 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.

2.6 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.

mount.

migram St

Kifas

Johns

Jam Sel

- EX

3.0 COMMITTEE FINDINGS, OBSERVATIONS AND RECOMMENDATIONS ON SPECIFIC AUDIT ISSUES

Para 15, Health

15.1 Expenditure not accounted for

15.1.1 Outstanding Advances

11 The Auditor General observed that advances amounting to Shs. 555,765,894 remained unaccounted for contrary to the legal requirement for all advances to be accounted for the end of a financial year.

12 The Accounting Officer informed the Committee that advances amounting to Shs. 326,505,194/= had been recovered, and only Shs.173, 273,567/= remained outstanding. Plans had been put in place to recover the outstanding balances from salaries of the officers who had failed to account.

13 The Accounting Officer further assured the Committee that an advance ledger had been put in place to monitor advances and ensure timely accountability to avoid similar occurrences.

14 Further, one of the Officers who had failed to account (Dr. Kamba) had been convicted for non-accountability of funds.

Observations and Recommendations

15 The Committee Observed with concern that the Ministry had maintained an Officer who had been convicted on its payroll.

16 The committee recommends that then Accounting Officer Mr. Mohamed Kezaala should refund the outstanding Shs. 173,273,567 advanced to the various officers.

17 Dr. Kamba's should be relieved of his duties in accordance with the Government standing orders

15.1.2 Inadequately supported accountability

18The Auditor General observed that Officers were advanced funds amounting to Shs. 107,169,133 and accountabilities submitted did not indicate the areas visited. Activity reports were also not available for review by audit.

19 The Committee basing on the audit verification report observed that whereas the Auditor General had reported Shs.107, 169,133 as having been unaccounted for, Shs.12, 787,000 had been double counted in the audit figure thus agreeing to the Accounting Officer's amount of Shs. 94,382,133.

20 The Committee further observed that out of Shs. 94,382,133, advances of Shs.93, 732,133 had been adequately supported with activity reports leaving a balance of Shs.650, 000 not adequately supported.

21 The Committee thus recommends that the Accounting officer beheld responsible for the un-accounted for Shs. 650,000 and be made to refund the same.

15.2 Bank Account

15.2.1 Overdrawn Bank Account

22 The Auditor General revealed that the Ministry's Treasury General Account (TGA) was overdrawn by Shs.1, 971,859,543 without authority.

23 The Accounting Officer explained that this arose out of a technical error by the Uganda Revenue Authority. The Ministry made initial payment of 300 Million based on URA instructions and at the same time the URA through an agency notice to BOU recovered 2.2billion directly from the account leading to the overdrawing of the account. This culminated in a double payment to URA and subsequently led to the overdrawing of the account.

Jundral' &

Satiriam Sharm

AMUN STATE OF THE STATE OF THE

8

) mistleurs

Observation and Recommendation

24 The Committee observed that whereas there was over payment of Shs. 1.971.859.543 to URA, the same was not recovered as there was a mere adjustment in the books of accounts of Ministry of Health to clear the overdrawn position.

25 The Committee recommends that Shs. 1.971.859.543 be recovered from URA and be paid back to the Consolidated Fund.

15.2.2 Amount not returned to Treasury

26 The Auditor General reported that total of Shs.37, 390,616 remained unspent on the Ministry expenditure accounts and was not returned to the Consolidated Fund Account.

27 The Accounting Officer explained that Ministry bank accounts including the revenue account that had a balance of 37million were closed at the end of the FY2009/10, and balances were transferred to the consolidated fund as required by the Financial Regulations. At the time of Audit, these transfers had not been reflected in the books of Accounts.

Observation and Recommendation

28 The Committee observed that whereas the Accounting Officer claimed to have returned Shs.37, 390,616 to the consolidated fund, he fell short of adducing any evidence to that effect.

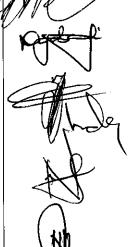
29 The Committee recommends that the Accounting Officer be held liable for failure to return the above sum to the consolidated fund thereby violating the Public Finance and Accountability Act and the regulations there under.

15.2.3 Previous Year Payments Effected in the Financial Year 2009/10

30 The Auditor General observed that payments amounting to Shs.1, 179,809,162 relating to the financial year 2008/09 were made in the year under review contrary to regulations.

Jundoub

Samian Company of the State of





31 The Accounting Officer explained that while the requisitions relating to these payments had been initiated towards the end of the financial year, the actual authority for spending the resources for the activities were provided in the year under review. The funds had been committed and the Ministry had obligation to settle its commitment with the suppliers.

Observation and Recommendation

32 The Committee observed that whereas in the FY 2008/9, Bank of Uganda used a manual system to clear and post transactions which would remain open even after the end of the financial year to provide for late payment presentation, repayment of bounced EFTs and error corrections, the Ministry of Health proceeded with new transactions other than those specified in the above category such as salary payment.

33 The Committee recommends that management should have all balances at the end of the financial year returned to the Consolidated Fund. Any spending after the close of the year should be against the appropriation for the new financial year.

15.3 Domestic Arrears

5.3.1 Payables not adequately supported

34 The Auditor General observed that out of Shs.1, 372,768,352 payable to various entities, Shs.158, 479,604 had no adequate supporting documentation like invoices and Local Purchase Orders. Out of the total payments without supporting documents, Shs. 67,136,782 related to utility bills which did not require the raising of an LPO.

35 The Accounting Officer explained that, the Shs. 36,583,955 = (Thirty Six Million Five Hundred Eighty Three thousand nine fifty five only) were requisitions for funds from staff which do not require LPO's and invoices. The balance of Shs. 54,758,867/= (fifty four million seven fifty eight thousand eight hundred sixty seven only) were genuine claims by Monitor Publications and The New Vision Publishing Company

Jundonard "

Johnson.

June de la series

A STATE OF THE PARTY OF THE PAR

which were reflected and paid.

Observation and Recommendation

36 The Committee observed that whereas the Accounting officer appeared before the Committee, other than admitting the lack of documents supporting the liability and promising to remove them from the books, the adjusted books of accounts were not availed to the Committee.

37 The Committee observed that recognizing unsupported payables facilitates fraud.

38 The Committee recommends that payables after the close of the financial year should not be honored without supporting documents and the Accounting Officer should desist from recognizing unsupported liabilities as this result in payment of goods and supplies not received.

39 The Committee further recommends that the Accounting officershould be held liable for recognizing unsupported payables and be made to refund the money.

15.3.2 New Outstanding Commitments

40 The Auditor General observed that the Ministry incurred domestic arrears amounting to Shs.35, 489,530, contrary to regulations that prohibit Accounting Officers from committing Government unless funds are available.

41 The Accounting Officer explained that, a review had been done and realized that this was a system generated liability and that the LPO should have been canceled but was not done because of the inability of the system to reverse the entry.

Observations and Recommendations

42 The Committee observed that the Accounting Officer recognized a non-eligible commitment to Government as a domestic arrear whereas no goods had been supplied. If it was not for the intervention of the Auditor General, Government was bound to lose

Jumbrul.

Saturiem

Jun facel

A

Shs. 35,489,530.

43 The Committee recommends that there should be regular internal reconciliations and supervision to weed out non eligible commitments and caution the Accounting Officer.

15.3.3 Un-reconciled Amounts reflected as Domestic Arrears

44 the Auditor General reported that the Ministry's indebtedness to other institutions was reflected at a much higher amount than what the Ministry recognized in its own books of accounts. For instance, Shs. 137,460, 840 was recognized as the Ministry's indebtedness to National Medical Stores and Shs. 48,055,080 to Uganda Telecommunications contrary to the available documentary evidence that the Ministry owes National medical Stores and Uganda Telecom Shs. 4.153 billion and Shs. 53 million respectively.

45 The Accounting Officer agreed with the observation. The Ministry only captured Shs 137,460,840 as domestic arrears for National Medical stores instead of Shs. 4.153 billion and Shs. 48,055,080 million in respect of UTL instead of Shs. 127,958,907.

Observations and Recommendations

46 The Committee observed that there has been a consistent failure on the part of the Ministry to reconcile its indebtedness. If not checked this can lead to loss of colossal sums of money to Government.

47 The Committee recommends that a comprehensive reconciliation is made to confirm the indebtedness to other institutions to avoid possible litigations.

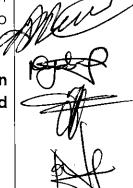
15.4 Mischarge of Expenditure (Shs.650, 553,913)

48 The Auditor General observed that Shs. 620,320,431 meant for medical and agricultural supplies was utilized on payment of salaries for intern doctors and sensitization workshops. This act was irregular and contrary to PFAR, 2003.

Juround.

Sahinam Alaman Mangal

The the



49 The Accounting Officer agreed with the observation and further explained that funds were diverted to pay intern doctors who had threatened to go on strike, and whose services were important given the critical shortage of human resources (for Health) in most Health facilities at the time.

Observations and Recommendations

50 The Committee observed that the Accounting Officer mischarged Shs. 620,320,431 without authority for virement from PS/ST contrary to the Public Finance and Accountability Act and the regulations there under.

The Committee recommends that the Accounting Officer should always seek for appropriate authority before making any virement.

15.5 Refund to GAVI

51 The Auditor General revealed that the Ministry refunded Shs.1,890,000,000 to GAVI in respect of funds that were misappropriated at the Ministry. This irregular payment had not been budgeted for and such refund should have been refunded by the implicated officials.

52 The Accounting Officer agreed with the Auditor General's observation that the funds were spent on an activity that had not been budgeted for. This was done in response to a Cabinet directive requiring the Ministry Health to refund the money as a precondition for release of more funds by the donors.

53 The Accounting Officer further submitted that GAVI Global Fund Account was opened in the Bank of Uganda to recover the sums misappropriated from the individuals implicated. The amount refunded by the time of meeting the Accounting Officer was Shs. 311,615,590 and outstanding balance was Shs. 703,362,625.

54 Shs.877, 125,000 an equivalent of US\$ 500,000 captured as having not been accounted for by Mr. Mohamed Kezaala was confirmed to have been remitted to UNICEF H/Qs for vaccines procurement.

Jundomel

-QL

Observations and Recommendations

55 The Accounting Officer did not seek authority from the PS/ST as required and the retrospective authority that was sought was rejected.

56 The Committee further observed that Shs. 877,125,000 an equivalent of US\$ 500,000 captured as having not been accounted for by Mr. Muhamad Kezaala related to UNICEF H/Qs for vaccines which was different from the GAVI monies unaccounted for by the Ministry.

The Committee further observed that planned activities of the Ministry were affected by the diversion of Shs.1, 890,000,000 paid to GAVI.

57 The committee was disappointed to note that whereas GAVI funds were stolen by individuals, Government/Cabinet directed a refund of the stolen monies from public funds. Moreover, government has not followed through the process of ensuring that the implicated individuals refund the stolen money.

58 The Committee further observed that whereas the government is contractually bound to refund the money misappropriated from GAVI, the act of diverting funds budgeted for other activities negates implementation and delivery of services.

59 The Committee recommends that US\$ 500,000 that was erroneously paid to GAVI should be recovered.

60 The Committee further recommends that government should take all appropriate measures to recover the money from individuals who misappropriated it and those found culpable should be prosecuted.

61 The Committee recommends that the Accounting Officer should be held responsible for diverting funds from planned and budgeted activities without authority from the PS/ST.

Jundonut &

Jahran Ja

Jun runif

15.6 Nugatory Expenditure

62 The Auditor General reported that Shs.419, 040,984 that could have been avoided was incurred in settlement of interest charged by contractors for delayed payments.

63 The Accounting Officer agreed with the observation that Shs. 419,040,984/- was paid out in respect of interest settlement, and explained that this was due to factors beyond the control of the entity. Funds were not released at the time contractors submitted their certificates of completion.

Observation and Recommendation:

64 The Committee observed that whereas the Accounting officer claimed late release of funds, there was no evidence to that effect.

65 The Committee recommends that \$hs. 419,040,984/- be recovered from the Accounting officer.

15.7 Sale of Motor Vehicles

66 The Auditor General reported that an auctioneer was contracted in 2008 to sell the Ministry's vehicles and Shs.106, 000,000 was realized from the sale. By the time of audit, only Shs.80, 000,000 had been remitted by the Auctioneer, leaving a balance of Shs.26, 000,000.

67 The Accounting Officer clarified that a balance of Shs. 20,449,139 and not Shs. 26,000,000 was still outstanding from the sale of the Ministry vehicles by M/s. Kamugasha Agencies Limited. The outstanding balance was cleared on 14th April 2011.

68 As a result of the initial failure to meet the proceeds of the sale of the ministry's vehicles and the inconvenience to the Government, the Ministry's Contracts Committee recommended that Kamugasha Agencies should be blacklisted by the PPDA and should no longer engage in any Public Procurement or Disposal function.

Junound' &

Dition 1

Jan fold

) monthe of

Observation and Recommendation

69 The Committee noted the action taken by the Accounting Officer and the recovery made, and recommends that in future there should be timely follow up on the proceeds of sale.

15.8 Lack of Contracts Committee Approval

70 The Auditor General reported that goods and services worth Shs.340,440,045 were procured without the contracts committee approving the award, contrary to Section 76 of the PPDA Act.

71 The Accounting Officer explained that Shs. 207,450,145 was paid to Classic clearing and forwarding to clear health related items under a framework work arrangement and did not require a contracts Committee approval. Shillings 40,887,000 paid to Tyre masters went through the normal procurement procedures.

72 The only instance when the procedure was not followed was the procurement for hotel accommodation at Nile Hotel for a retreat to prepare ministerial policy statement. The Accounting Officer regretted the omission and submitted that the officer had been cautioned for failure to follow the right procedure.

Observation and Recommendation

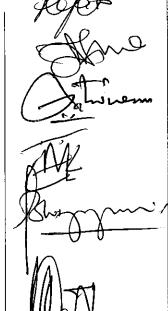
73 The Committee observed that Shs.92,102,900 spent for Hotel accommodation at Nile Hotel for a retreat to prepare Ministerial policy statement was spent without following the procurement process and the preparation of Ministerial policy statements was not an emergency.

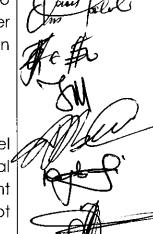
The Committee recommends that the Accounting Officer be held responsible for flouting the PPDA Act and the regulations there under.

15.9 Lack of Stores Cadre

74 The Auditor General reported that the care, custody and accounting for inventory, plant and tools was vested under the

Jundoud.







control of the Principal Office Supervisor (POS) who lacked the requisite stores management skills. It was further reported that there was no segregation of duties in the stores management function. The POS received records and issued all store, in addition to requisitioning for some purchases.

75 The Accounting Officer submitted that the advice of the Auditor was noted and the posts of Senior Stores Assistant and Stores Assistant were declared to the Ministry of Public Service for onward submission to Public Service Commission for advertising.

76 The Ministry of Finance, Planning and Economic Development (MoFPED) had posted a Principal Stores Assistant who had reported for duty.

Observation and Recommendation

77 The Committee noted from the documents on file that the Accounting Officer had brought the matter to the attention of the Permanent Secretary Ministry of Public Service, and the posts were subsequently filled.

15.10 Under Staffing

78 The Auditor General reported that only 542 positions were filled leaving 94 positions vacant.

79 The Accounting Officer agreed that at the time of audit, the posts under UVRI and the NCRI were vacant. This was because UNRHO had just been created as an autonomous body responsible for recruitment of staff in the two Institutions and appropriate approval was being awaited from the Ministry of Public Service. Eventually, seventy eight (78) were filled.

Observation and Recommendation

80 The Committee noted from the documents on file that the Accounting Officer had brought the matter to the attention of the Permanent Secretary Ministry of Public Service, and the posts were subsequently filled.

Jundonne.

La Line

SX

15.11 Contract Staff Appointments

81 The Auditor General reported that the Revised Terms and Conditions of Service of the Uganda Public Service, Circular Standing Instruction No.6 of 1989, abolished temporary staff appointments and required the existing ones, if any to be phased out within six months. Contrary to this, the Ministry employed eighty two persons on temporary terms for over a year contrary to the government requirements.

82 The Accounting Officer explained that the Ministry's structure had not been reviewed for two decades, resulting into a number of vital positions not being established hence the recruitment.

Observations and Recommendations

83 The Committee observes that the Accounting Officer appointed staff on temporary basis contrary to circular standing structure No.6 of 1989.

84 The Committee recommends that the Public Service Commission takes action on the Accounting Officer for failing to comply with the Circular Standing Instructions.

85 The Committee further recommends that Public Service should always monitor ministries to ensure that Circular Standing Instructions are complied with.

15.12 Procurement of Anti-retroviral and Artemisinin Combination Therapies (ARV&ACT)

86 The Auditor General reported that there was no Memorandum of Understanding between the Ministry and the NMS which was responsible for the purchase of Government medicines to ensure that there were proper deliveries from the company, and that there were adequate stocks and distribution of these medicines.

87 The Accounting Officer submitted that the Ministry had entered into MOUs between the stake holders (Ministry, NMS, Local Governments and Development partners where applicable, in

response to the audit recommendation.

Observations and Recommendation

88 The Committee observed that the Ministry had entered into an MoU with NMS, Local Government and development partners albeit after the audit.

89 The Committee further observed that the Accounting Officer exhibited incompetence in the management of procurements from NMS.

90 The committee recommends that the Accounting Officer be held responsible for neglect of duty and failing to satisfactorily perform the duties of an Accounting Officer.

15.12.1 Payments for Utilities

91 The Auditor General reported that a total of Shs.914, 894,725 was paid to utility firms during the year under review. There was however an un reconciled brought forward balance of Shs.946, 900,287 in respect of three utility accounts which had remained unresolved.

92 The Accounting Officer explained that utility bills were being regularly verified by the Principal Office Supervisor (POS) before payment is effected as advised by audit. The Ministry also indicated that a task force had been put in place to reconcile all the utility accounts.

Observation and Recommendations

93 The Committee observed that the Accounting Officer was paying for reconciled utility bills.

94 The Committee recommends that the Accounting Officer be held responsible for any resultant financial loss.

95 The Committee further recommends that the Ministry submits to Parliament a report of the task force on the utility accounts reconciliation within one month of submission of this report.

fundament

15.12.2 Assessment of Delivery of Outputs

96 Assessment of performance of the Ministry indicated that several planned activities were either partially completed or were not undertaken at all. Failure to undertake planned activities hampered achievement of the ministry's intended objectives especially service delivery to the population.

97 The Accounting Officer agreed with the Auditor General's observation that some planned activities were not implemented as scheduled, and that this was as a result of a delay in release by MOFPED of GOU contribution towards the procurement of the Imaging and Theatre Equipment for the hospitals and HC IVs planned for the year under review.

Observation and Recommendation

98 The Committee observed that failure to implement some of the activities was as a result of diverting funds to refund misappropriated funds to GAVI, moreover without the required authority and partially failure by the Ministry of Finance to release funds on time.

99 The Committee recommends that the Ministry should desist from diverting funds meant for specific planned activities.

15.12.3 Asset Management

100 The Auditor General reported that the assets kept at the Engineering Department were in a very poor state, vandalized angle had lost value. Further, Auditor General reported that old stores that had been listed for boarding off in UNEPI stores had not been done.

101 Accounting Officer explained that the problem arose from the disposal of injectable materials and cold chain equipment which was complicated given that the process had to follow WHO recommended disposal procedures that had huge financial implications.

Junoumer

Daniel Stranger

16

Observation and Recommendation

102 The Committee observed that whereas the disposal involved injectable materials and cold chain equipment which required adherence to WHO recommended disposal procedures; there was inordinate delay by the Accounting Officer to comply with the said procedures.

103 The Committee recommends that the Ministry expedites the process of boarding off the stores.

15.12.4 Human Resource Management

(i) Staff Performance Appraisal

104 The Auditor General reported that some seconded doctors and staff on probation were not being subjected to annual performance appraisal.

105 The Accounting Officer agreed with the observation and explained that this arose from a misunderstanding on the part of Local Governments who considered seconded Doctors as staff belonging to the Centre and not subject to appraisal by them.

Observations and Recommendation

106 The Committee observed that whereas the Accounting Officer agreed with the Auditor General's observation, subsequently DHO's and CAO's were sensitized and charged with the responsibility of monitoring and appraising the performance of seconded Doctors.

107 The Committee further observed that Public Service does not seem to take interest in performance appraisals of staff seconded to Local Government and those on probation.

108 The Committee recommends that Public Service should strictly carry out timely monitoring and supervision of seconded staff appraisals and those on probation.

(ii) Updating of records

Junganut

of Marie V

) mistaus

109 The Auditor General reported that personnel files were not updated on regular basis and could not therefore be relied on when making staff related decisions.

110 The Accounting Officer explained that following the Auditor General's advice the Human Resource Management (HRM) records validation exercise was undertaken in the Ministry to ensure that staff records had basic information on the bio-data. An Officer was designated to closely supervise the records management function in the Ministry.

Observation and Recommendation

111 The Committee observed that the Accounting Officer agreed with the Auditor General's observation and took remedial measures to address the anomaly after the audit.

112 The Committee recommends that the Accounting Officer be held-responsible on his own plea of guilt for failing to observe the guidelines on staff management.

(iii) Study leave without clearance

113 The Auditor General reported that some doctors had gone for further studies without clearance as required by the government regulations, while some of those cleared to undertake their graduate studies had taken a longer time than authorized.

114 The Accounting Officer submitted that Hospital Directors had been sensitized on the need to obtain authority before an Officer as permitted to undertake a long course. It was also a requirement that before one is granted study leave by the Health Service Commission, he/she is bonded, and this was being strictly enforced.

Observations and Recommendation

115 The Committee observed that the Accounting Officer agreed with the Auditor General's observation, although addressed the committee on the remedial action taken after the audit, which in the committees' opinion did not address the audit issues.

Jungumb.

116 The Committee further observed that the continued absence of doctors and other health workers who are on the payroll and not on station grossly affects service delivery

117 The Committee recommends that the Accounting Officer be held responsible for failing to observe the Public Service standing orders and regulations.

15.12.5 Inspections

118 During the year under review, field inspections by the Auditor General of activities undertaken by the ministry revealed a number of findings that included the following:-

lealth centre	Contract	tor	Findin	gs		Obsei	vatio	n	Recomm	nendation
Masafu	M/s	Tabula	-Com	pletior	າ	The	СО	mpletio	n The Acc	ounting Offic
Hospital -Busia	Contrac	tors at a	date	was	over	date	over	shot b	y should	be he
District	total	of	shot	by	12	12 mc	onths.		responsi	ble and b
	Shs.745,8	313, 7 27	month			The lic			made t	o refund St 470
			damo		that		•	were	The Acc	ounting Offic
			amou	nted	to	not de	educt	ed from	should e	ensure that ti
			shs.13	4, 24	6,470	the po	ayme	nts to	contract	or rectifies th
Í			were		not	the co	ontra	ctor.	defects	in the ma
		;	deduce	aymeı		Shodo male '	•	rk on the	ward. ⇒ ,	Q
			- Male poor aroun rehab	e ward drai d	d had nage the	لر	Pi	····l·		

19

HA '

L Burney

Joan Soll

	and stagnated		
	on the verandah		
	edge.		
Butebo H/C 1V-	-Bathroom was	The Committee	The Accounting Officer
'allisa District	not used due to	noted the shoddy	ensures that the
	poor drainage	and incomplete	contractor rectifies the
	AA/adla	work done by M/S	defects in the male
	- Walkway from	Arm pass Technical	ward.
	the theatre to	Services	
	maternity ward		The supervising
	was not properly		engineer be held liable
	joined and		for failure to supervise
	crossing during		the contract and
	rain was		causing financial loss.
	impossible and		The company and it
	also it flooded		directors be blacklisted
	- No gutters to		from any future
	direct water		government contracts
	although this was		
	to be fixed as per		
	the contract		
	- Veranda and		
	floor was		
	cracked all over		
	- Most of the		
	doors and		
	windows were		
	faulty		A.
	- Records office		
	had leaking roof		
	and had spoilt		
	the records		
Jamp Coli	grand of hubande	My Shings	The state of the s

6			
	- Operating		
	Theatre had only		
	4 internal		
	swinging doors		
	instead of 6 as		
	per the BOQ,		
	moreover they		
	were making too		
	much noise as		
	they swung and		
	they were not		
	closing properly		
	0.11		
	- Ceiling was		
	cracked		
Mbale Hospital	- Cracks were	The Accounting	The Committee noted
·	noticed on the	i i	
·	floors, walls and		Officer's explanation
	on the main door		
	to Women's		
	ward.	had been	
	- Window	corrected	
	fasteners were		
	off and door		
	locks at the		
	maternity ward		
	were off making		
	control of the	·	S
	attendants/visitor		
	s to the ward		\ \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
	difficult		
	difficon		
" Jua	- ^		A CA
Alfato Son	men 21	He de	
	hundonmers (11)	2 Juny	
(Jour Joods wor 1)	m" (=		Manual ,
Jan Sold	marst D. Ne	vez /	the same of the sa
Address of the second	Me -		THE PARTY OF
	0.1		y

-1 ,

		Desirant	· · · · · · · · · · · · · · · · · · ·	
		- Drainage		
		system was		
		blocked implying		
		poor		
		workmanship.		
Fort- Portal	M/S Pancon	-Delayed		Since these contracts
Regional Referral	Engineers Ltd -	completion from		follow a procurement
Hospital	For rehabilitation	12th March 2009		plan the ministry should
	of the Male and	to January 2010		always ensure timely
	Female at	due to delayed		release of funds.
		payments by the		
	shs.711, 230,014	Ministry.		
		Certificate 2 was		
		paid 7 months		
		after it was		
		issued.		
Kambuga	M/S Lubmarks	Septic tank was	The Committee	The supervising
Hospital	Investment Ltd	not done.	notes the shoddy	engineer be held liable
	signed a		and incomplete	for failure to supervise
	contract on 19th	- poor plumbing	work done by M/S	the contract and
	June 2008 to	- No work was	Lubmarks	causing financial loss.
	partially		Investment Ltd	caosing intaricial ioss.
	1.	done at all in the	invesiment Lia	The company and its
	rehabilitate	Kitchen and		directors be blacklisted
	Kambuga	laundry		from any future
	Hospital in at a	- Rehabilitation		government contracts
	cost of Shs.	of water and		
	269,225,991			
		sewerage		.0/
		systems had not		
		been		
			i	
		completed.		20/11/

Just Col millions

Jahren 22

Alexander Alexander

Surprise S

To Charles And Control of the Contro

- The lightning arresters had not been replaced as per the contract.
- Very poor mosquito gauze now rusted was used.
- Gutters used were too small and water was not collecting in the tank.
- Ceiling for male ward was not done.
- Electrical work was not done at all.
- Most door glasses were not fitted.
- -Management suspended the contractor due to delayed completion and poor workmanship on 27th Oct 2010

23

Advand

A

hypping the

	nmittee	The C	nmittee	Comn	The	ater tank was	n - Wo	oronation	M/S C	spital	Itojo Hos
Ltd signed a with fence as and incomplete contract on 15th provided in the contract. May 2008 contract. Shs.483,409,110 - Mortuary was not worked on as per the contract. Officer did not provide the completion of the complete work done by M/S Coronation Developers(u) Ltd blacklisted from future government contract. The Accounting per the contract. Officer did not provide the completion of the certificate of works and provide	at m/S	recommends	shoddy	the sh	notes	protected	J) not	oers (U)	Develor		
contract on 15th May 2008 contract. Shs.483,409,110 Coronation Developers (U) Ltd - Mortuary was not worked on as per the contract. Officer did not provide the completion of the certificate of works and provide.	,	Coronation	mplete	incom	and	n fence as	a with	gned a	Ltd sig		
May 2008 contract. Coronation Developers (U) Ltd government contract not worked on as per the contract. - Numerous Coronation Developers (U) Ltd government contract The Accounting office should ensured the completion of the certificate of works and provide.	ltd be	Developers(u)			work c	vided in the	h prov	t on 15th	contrac		
- Mortuary was not worked on as The Accounting The Accounting Officer per the contract. Officer did not should ensured provide the completion of the certificate of works and provide			, i	ation	Corono	ntract.	8 cont	2008	Мау		
per the contract. Officer did not should ensured provide the completion of the compl	tracts	government co	U) Ltd	pers (U)	Develo	Mortuary was	- M	409,110	shs.483,		
Provide the completion of the	Officer	The Accounting	ounting	Accou	The	worked on as	not v				
-Numerous certificate of works and provide	ensure	should	ton b	did	Officer	the contract.	per f				
certificate of works and provide	f the	completion	the		· -	merous	-Nun				
	vide a	works and p	of	ate	certifice						
completion date certificate	of	certificate	to the	etion to	comple						
had been made committee completion		completion		ittee	commi	·					
from the original							i i				
14th January			i			_	1				
2009 to May 2010						• /					
due to the											
disappearance											
of the contractor						•					
from site and											
delayed											
payments of						·					
certificates by		•									
the Ministry of						,	1			i	
Health.						•					
						n					

15.13 Support to the Health Sector Strategic Plan Project (II) ADF LOAN NO.2100150013194

(i) Ineligible expenditure

119 The Project Financing Agreement stipulates that ADB funds should not be used to pay for any transfer fees or bank charges. Contrary to this requirement, the project incurred a total of Shs.2, 263,182 in respect of bank charges and

transfer fees levied by Bank of Uganda on the special account. Non-compliance with the provisions of the financing agreements could lead to imposition of penalties by the donor which may affect project operations.

120 The Accounting Officer submitted that the Auditor General's advice had been adhered to and all the stated bank charges of Ush2, 263,182 had been refunded back to the ADB special account.

Observation and Recommendation

121 The Committee noted that the Accounting Officer did not observe the conditions in the financing agreements as enumerated above which would cause imposition of penalties.

The Committee recommends that the Accounting Officer should strictly adhere to the financing agreements in such arrangements.

Jumanul

25

(ii) Accounting system

122 The Auditor General reported that the Project Implementation Unit maintained a manual accounting system (excel spread sheets) to record all its accounting ledger books, rendering accounting including the preparation of financial statements laborious and prone to errors.

123 Accounting Officer explained that project management unit was due to be connected to IFMS being rolled out to all Government institutions and was therefore not found necessary to have a standalone and expensive accounting system for the project.

Observation and Recommendation

124 The Committee observed that it was logical for the Accounting Officer not to procure a stand-alone accounting system for the project yet government was rolling out IFMS system to all government institutions.

The Committee recommends that the Ministry fast tracks the connection to the IFMS system.

(iii) Budget Performance

125 The Auditor General reported that during the year under review, the approved budget for the ADF loan component was Shs.22,850,000,000. However, by the close of the financial year, the project had received Shs.15, 692,548,000 (representing 68.7 per cent of the budget) leading to a shortfall of Shs.7, 157,452,000. A further analysis of the project financing indicate that the cumulative loan disbursements to the project as at the end of the third year of implementation was about 52 per cent against the planned 65 per cent. This reflected slow progress in the implementation of the project activities given the fact that more than half of the project period had elapsed. The overall objectives for the project may not be attained within the anticipated period of time.

126 The Accounting Officer explained that the disbursement rate had

Jundon C-

risen to 84.4% by February 2012 with the last date being December 2012. The remaining balance (15.6%) to disburse largely accounted for the delayed civil works, the retention % on the contractual civil works to cover the defects periods and the CT scan for Mbarara Hospital.

Observation and Recommendation

127 The Committee observed that 21.3% of the budget translating Shs. 7,157,452,000 was not released due to delayed commencement of civil works and low absorption capacity.

128 The Committee further observed that despite receiving 68.7% of the budget, project performance was at 52%.

129 The Committee recommends that the Accounting Officer should be held responsible for failure to adhere to procurement plans which occasioned delayed commencement of works and low absorption capacity hence government missing out Shs. 7,157,452,000 for the year under review, leading to delayed service delivery and paying interest for the extended period.

(iv) Utilization of Ambulances

130 The Auditor General reported that in a bid to improve the health service to the communities, the project procured a total of 26 vehicles labelled as ambulances that were handed over to the HC IV's and Hospitals as per plan. However during field inspections, it was noted that there was a challenge of maintenance and sustainability of the said vehicles. Some of the health facilities visited had their vehicles parked due to lack of fuel and some needed to be serviced. This implied that the vehicles in question were not fully being utilised.

131 The Accounting Officer submitted that following the Auditor General's observation, the use of vehicles labelled ambulances had been streamlined and the health centres that had the said vehicles had been advised to include the necessary maintenance costs and other running costs within their respective recurrent budgets.

27

Observations and Recommendations

Jundouel

132 The Committee observed that the Accounting Officer agreed with the Auditor General's observation but hastened to add that he had taken remedial measures in the subsequent financial year.

133 The Committee further observed that whereas the purchase was intended for ambulances, land cruisers and double cabin pickups labelled as ambulances were procured contrary to the specified project guidelines

134 The Committee recommends that the Accounting Officer be held responsible for neglect of duty leading to denial of ambulance services to the communities.

135 The Committee further recommends that the Accounting Officer be held responsible for the procurement of land cruisers and pickups instead of ambulances and if there is any resultant financial loss, he makes good the same.

(v) Procurement

136 The Auditor General reported that the project experienced anomalies specifically in the evaluation processes of certain tenders that resulted into administrative reviews. For instance a review of the evaluation process for the remodelling of Mbarara Regional Referral Hospital indicated that the criteria used to disqualify one of the bids was not justified and had led to unfair elimination of Excel Construction Ltd at the preliminary stage of evaluation on the basis of invalid bid security.

Although the decision was overturned by the PPDA through an administrative review, the actions and decisions made during this evaluation indicates weaknesses within the procurement process of the project which undermines the transparency and fairness principles enshrined in the procurement law. Such errors could have cost the project in terms of uncompetitive prices and legal fees.

137 The Accounting Officer explained that the project had carried out all planned procurements with only a few complaints from the bidders. All complaints that were received had been handled in

Jungund

Standard Company of the Company of t

The state of the s

accordance with the procurement law. The bid submitted by Excel Construction Ltd for the remodelling of Mbarara Regional Referral Hospital was initially disqualified by the Evaluation Committee basing on advice of the Solicitor General under cover of his letter dated 12th October 2009.

138 During PPDA's review of the case, PPDA found the Solicitor General opinion erroneous and reversed the decision. The entity had taken note of this short coming in the evaluation process and had devised mechanisms for selection of members of the evaluation committee who are well trained and conversant with procurement law to minimise the repeat of the same.

Observation and Recommendation

139 The Committee observed that the Ministry by taking heed of the Solicitor General's advice was in compliance with Article 119 of the Constitution of the Republic of Uganda which provides for compliance with the Solicitor General's advice.

140 The Committee took note of the action of the Accounting Officer and recommends that the services of specialised people should enlisted while carrying out evaluation of bids.

(vi) Delayed implementation of key project activities

141 The Auditor General reported that there were significant delays specifically in the implementation of the civil works for the remodelling of the Mbarara Regional Referral Hospital, the construction of health centres, and the procurement of necessary medical equipment for these health facilities.

The Accounting Officer explained that the delays were partly attributed to the delays in the procurement process and to the slow pace of works by the contractors who were engaged on many other sites. Whereas the procurement for the remodelling of the Mbarara Hospital was initiated in Mbarara Hospital re-development (phase 1) was 100% complete by December 2011 and was due for commissioning. The remaining activity at the Mbarara Hospital site

Johnson.

Jun feel

pininger ut

Jumbruh!

29

was the installation of a new power supply for the new blocks.

142 For the 39 health centres, Lot 2 (14 HCs) were 87% complete, Lot 3 (13 HCs) were 87% complete and Lot 4 (12 HCs) was 90% complete. The remaining works had been scheduled for completion in April/May 2012 based on the contractors revised work plans and extended contracts.

143 The rehabilitation and construction of the 39 health centres under three lots that commenced in August 2008 was behind schedule. However, as at October 2011, the status of progress was at about 85% completion rate. The major cause of the delay was the VAT exemption introduced by GoU that negatively affected the contractors' cash flows.

144 23 out of the 39 HCs had been completed, handed over and were in use. The remaining health centres were scheduled for completion in the financial year 2011/12.

Observation and Recommendation

145 The Committee observed that the Accounting Officer agreed with the Auditor General's observation but subsequent to the audit had taken remedial measures to address the audit issues as enumerated above.

146 The Committee recommends that the Accounting Officer should be held responsible for failure to adhere to procurement plans which occasioned delayed commencement of works and low absorption capacity, leading to delayed service delivery.

15.14 Danida Health Sector Programme Support Phase III (HSPS III)

(a) Slow pace of resource utilization

147 The Auditor General reported that the Programme Unit budgeted to spend Shs.39,045,500,000 during the financial year ended 30th June 2010 but only spent Shs.14,528,412,569 representing 37.2 per cent of the budgeted expenditure. The process of effecting

30

A Linear States of the States

Janour (

payments in the MOH tended to delay due to bureaucratic process. This slowed down resource absorption.

148 The Accounting Officer agreed with the Auditor General's observation and attributed this to;

149 Delay in completing the construction of the six nursing schools and the school of pharmacy at Makerere University leading to untimely preparation of certificates and change in modalities of transferring funds for credit lines for NMS and Joint Medical Stores which delayed the absorption of money for medicines.

Observation and Recommendation

150 The Committee observed that the non-timely completion of construction affected the absorption of the program funds thus affecting the planned and budgeted activities.

151 The Committee recommends that the Accounting Officer be held responsible for failure to carry out proper monitoring and evaluation of the planned activities leading to delay in completion of projects.

(b) Possible misuse of funds

152 The Auditor General reported that there was possible misuse of funds during the year under review. For example on 23rd September (2009 several cash withdraws of Shs.18,483,200, shs.18,026,400 and shs.12,480,400 (totaling to Shs.48,990,000) were made and later handed over to collect qualitative data for the annual health sector performance report FY 08/09. No activity report and accountability of the monies released was availed for audit.

153 The Accounting Officer agreed with the observation and explained that the responsible Officer (Dr. Kamba) was arraigned before the courts of law and convicted for offences related to misappropriation of the sums in question, and sentenced.

Observation and recommendation

154 The Committee noted the Accounting Officer's submission that

Johnson Johnson

that |

Jungueh'

the matter was a subject of court proceedings, and to which the court had pronounced itself by sentencing the officer.

(c) Failure to recover the un-utilized funds from the staff

155 The Auditor General reported that during the audit Management was reluctant to implement prior year audit recommendations. For example, it was recommended that an officer refunds a sum of Shs.6, 891,142 he received on 22nd January, 2007 as field allowance for Masaka Regional Planning Workshop that never took place, but by the time of audit only a total of Shs.1, 700,000 had been recovered as per receipt No 0444965 dated 1st March, 2010.

156 Furthermore, a hotel in Masaka had been paid a total of Shs.6,549,153 for the same workshop as per receipts No 1415 and 1416 dated 12th February 2007. These funds had not been recovered from the hotel at the time of audit in November, 2010.

157 The Accounting Officer explained that the officer was interdicted to pave way for investigations in the transaction. The Officer was successfully prosecuted and convicted by court.

Observation and recommendation

158 The Committee observed that whereas the Treasury Accounting Instructions require accounting for money advanced within 60 days from the date of disbursement failure of which the Accounting officer is mandated to deduct the same from the officer's salary, the Accounting Officer failed, refused or neglected so to do, leading to financial loss to government.

The Committee recommends that the sum in question amounting to Shs. 11,740,295 be recovered from the Accounting Officer.

(d) Poor Cash Management

159 The Auditor General reported that effective cash management is one of the basic pillars of sound financial management. There were instances where huge sums of money were withdrawn in cash for

De Jones

AND S



Junganub.

workshops and other activities including payments to hotels instead of issuing cheques. Workshops would then take place months later. For example on 12th February 2009 an officer was given Shs.18, 462,700 to cater for the 1st Nile Regional Planning workshop which took place between 2nd and 3rd April 2009 and accountability was submitted on 3rd July 2009. Another officer on 12th February 2009 was given Shs.9, 282,000 to cater for Tororo Regional Planning Workshop which took place between 2nd and 3rd July 2009. Another officer was given Shs.40, 877,600 on 6th June 2010 for regional dissemination of communication strategy on rational use of medicine an activity that had not taken place at the time of audit in November 2010.

160 The Accounting Officer agreed with the Auditor General's observation and submitted that the entity had changed its modalities of paying hotel services.

Observations and Recommendations

161 The Committee observed that the Accounting Officer did not apply acceptable financial management principles by paying cash to activity officers other than paying the service providers.

162 The Committee further observed that at the time of audit and the Accounting Officer appearing before the committee, Shs. 40,877,600° which had been paid to the personal account of the activity officer on the 6th June 2010, was still unaccounted for and the activity had not been carried out.

163 The Committee recommends that the Accounting Officer be held responsible for failure to observe laid down financial management procedures in disbursement of public funds.

164 The Committee further recommends that the Accounting Officer be held personally liable for causing financial loss of Shs. 40,877,600 and be made to refund the money.

(e) Retrospective authorization and approval of procurements

165 The Auditor General's review of internal controls over the procurement of goods and services for the programme revealed at

Jundanuel.

Salariana Shannan Shannan

Market Mark

hde

) in reces

case where procurement of goods and delivery was made before the approval and authorization by the contracts committee.

166 For example on the 21st of September 2009, printed national laboratory policy materials were delivered, on 29th September 2009 an LPO was issued, on 23rd November 2009 approval of procurement by the contracts committee. The goods delivered were printed materials which implied that the instructions to print must have gone out much earlier than the 21st September 2009.

167 The Accounting Officer agreed with the Auditor General's observation and regretted the omission.

Observation and Recommendations

168 The Committee observes that this was a deliberate abuse of the procurement procedure by the officers involved.

169 The Committee recommends that the officers involved be held responsible for flouting the PPDA act and the regulations there under.

Para 28, Mulago Hospital

28.1 Over expenditure on Employee Costs

170 The Auditor General observed that the entity overspent on employee costs by Shs. 135,367,023 without authority.

171 The Accounting Officer explained that the costs were incurred on salaries which were at the time being processed on a straight through process and the Hospital only maintained book entry. This was a short coming of the old system in Bank of Uganda that had since been replaced with a new system.

Observation and Recommendation

172 The Committee observed that whereas Shs.16.937, 266,000 had been voted under employee costs in the year under review, Shs. 17,072,633,023 had been spent creating a variance of Shs.

Marin Samuel

135,367,023.

173 The Committee recommends that the Accounting Officer be held responsible for spending over and above the allocated budget item without authority and proper explanation.

28.2 Domestic Arrears

174 Audit revealed that during the year under review, the hospital incurred a total of Shs. 1,114,496,685 as domestic arrears contrary to the commitment control system of the Government.

175 The Accounting Officer explained that the arrears related to Utilities (Water, Electricity& Rent) whose provision fell below the amount requested, and whose consumption could not be terminated. The hospital had however put in place measures like cutting down leakages as a cost cutting measure.

Observation and Recommendations

176The Committee observed that consumption of utilities by individual staff of the hospital was being billed under the entity, and there was in some instances lack of individual meters at the residences of hospital staff.

177 The Committee recommends that the Accounting Officer be held responsible for negligence of duty thereby causing financial loss.

178 The Committee further recommends that staff residences be billed separately from the hospital.

28.3 Release not credited to the Treasury General Account

179 Auditor General reported that a release amounting to Shs. 646,000,000 issued by the Accountant General on Release Advice number 20142 dated 30th November, 2009 was not credited to the hospital's Treasury General Account with Bank of Uganda.

180 The Accounting Officer informed the Committee that management noticed the omission during the general reconciliation and that this arose from laxity of the Accountant General's Office in

Saturiam .

Jan fold





carrying out monthly reconciliations. It was not possible to effect a retrospective funds transfer because the account had been closed.

Observations and Recommendation

181 The Committee observed that whereas Shs. 646,000,000 issued by the Accountant General on Release Advice number 20142 dated 30th November, 2009 was not credited to the hospital's Treasury General Account with Bank of Uganda the motive could not be ascertained as it smacks of criminal intent.

182 The Committee recommends that CIID carries out further investigations to ascertain the whereabouts of the money

28.4 Letters of Credit (LCs)

183 The Auditor General observed that Letters of Credit amounting to Shs. 997,143,121, whose details of the items/ services delivered and their supporting documents were not availed for Audit.

184 Furthermore, Letters of Credit worth Shs. 1,281,803,200 were opened with Bank of Uganda in favor of a Company for procurement of a CT-Scan though evidence of the performance was not availed to the audit team for audit.

185 The Accounting Officer informed the Committee that the Letter of Credit for the CT -Scan performed fully and the CT-Scan was delivered and was fully functional.

Observation and Recommendation

186 The Committee observed that whereas the Treasury Accounting Instructions require the Accounting Officer to keep documents for audit and court purposes and whereas the National Audit Act makes it an offence for an Accounting Officer not to avail documents to auditors, the Accounting Officer failed, refused or neglected to avail documents to Auditors for opened Letters of Credit amounting to Shs. 2,278,946,321.

187 The Committee further observed that while the Accounting Officer appeared before the Committee, he provided explanation for open LCs worth Shs. 1,281,803,200 while he did not provide an

36

Dinate P

hundrul.

explanation for the open LCs amounting to Shs.997, 143,121. **The Committee recommends that**;

188 The Accounting officer be held liable for failure to provide documents to auditors as required by the National Audit Act.

189 The Accounting officer should be made to refund \$hs. 997,143,121 spent without any supporting documents.

28.5 Assessment of Delivery of Outputs

190 Audit observed that some of the planned outputs of the hospital for the year under review were not fully implemented despite the fact that the hospital received all the funds for the activities as budgeted.

191 The Accounting Officer explained that targeted outputs were estimated based on previous averages. It was normal for actual outputs to be higher or lower than the targeted outputs due to higher numbers or severity of illness, resulting into higher costs than estimated.

Observations and Recommendations

192 The Committee observed that the entity received 100% of its budget and performed at 95% which was a commendable performance.

28.6 Salary Bank A/C

193 The Auditor General observed that a new bank account number 001.292161.1 that the hospital opened with BoU had an opening debit balance amounting to Shs. 3,019,651,533 and the account remained with the debit balance throughout the financial year.

194 The Accounting Officer informed the Committee that this was a result of the old salary payment system where BoU would effect salary payments on salary accounts for each vote and then transfer the same amount from the Treasury General Account to cover the

Day fell

What was a second of the secon

wer the minute

debit on salary Account.

195 During the 1st quarter of the year under review, salaries were paid but the transfer from Treasury General Account (TGA) was not effected by BoU. This left a debit balance on the salary Account which was brought forward at the beginning of the FY 2009/2010 since by then Salary accounts were not being closed every end of FY.

Observations and recommendations

196 The Committee observed that this matter was taken up by the Accounting Officer, MoFPED and BoU and reconciliation was done as verified by the Auditor General.

28. 7 Utilities

197 The Audit revealed that the quarterly deposits amounting to Shs. 764,000,000 and Shs. 1,759,080,000 were made to NWSC and UMEME respectively, during the year under review and a further Shs. 1,399,998,000 and Shs. 300,000,000 was paid to NWSC and UMEME respectively in settlement of domestic arrears.

198 The Accounting Officer agreed with the Auditor General's observation and explained that Management had instituted measures to carry out regular reconciliations of the utility accounts with the service provider. Bills, receipts and reconciliation statements were being kept by the Management accounts section.

Observation and Recommendation

199 The Committee observed that the Accounting Officer agreed with the Audit observation

200 The Committee therefore recommends that he be held responsible for failure to avail bills, receipts and reconciliation statements to the Auditor.

Jundount.

instruct

28.8 Lack of a Procurement Plan

201 The Auditor General observed that the Hospital had no procurement plan for the year under review to guide the procurement of goods, works and services.

202 Whereas the Accounting Officer agreed with the Auditor General's observation, the Committee observed that it was a serious omission on the part of Mulago to carry out any procurement without a procurement plan.

Observation and Recommendations

203 It was noted during the Committee interaction with the Accounting Officer that there was a poor functional relationship between the Accounting Officer and the procurement unit.

The Committee recommends that;

204 The Accounting Officer be held responsible for flouting the PPDA and the regulations there under.

205 A more detailed investigation be undertaken on the same procurement with a view of establishing value for money

206 That the Parliamentary Sectorial Committees should always be keen on work plans and procurement plans before recommending the passing of budgets.

28.9 Lack of Performance Security

207 Auditor General noted that a contract to construct PPS Pharmacy was awarded to a Company at a contract sum of Shs. 132,234,731 which was later revised to Shs. 216,064,731, an increment of 63%. Though PPDA gave a waiver for the variations, the entity did not obtain the requisite performance security contrary to the requirement of PPDA.

Insoul?



208 The Accounting Officer agreed with the Auditor General's observation and regretted the anomaly of not having a performance security for the Contract.

Observation and Recommendations

209 The Committee did observe that the contract had glaring variations in the provisions of the contract. This could have been done to deliberately knock out other deserving bidders and variations done to benefit the firm to which the contract was awarded.

210 The Committee recommends that the Accounting Officer should always follow the procurement laws and regulations while handling procurements of the entity.

211 The Committee further recommends that the PPDA Act should be reviewed with a view of limiting the discretionary powers of the entity to grant waivers for the revisions of contracts above 25% of the contract price.

28.10 Vacant Posts

212 Auditor General noted that out of 1,083 approved posts in Mulago Hospital, only 1,011 were filled leaving a total of 72 posts vacant.

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

Observation and Recommendations

214 The Committee noted laxity on the part of the Accounting Officer for failing to bring to the attention of the recruiting agency the vacant posts and only did so after the Auditor General's observation.

215 The Committee recommends that the Health Service Commission

Insul.

Any feet

The state of the s

) wins Hum &

40

should expeditiously fill the vacant positions

216 The Committee further recommends that the Accounting Officer should always submit vacant posts to the Health Service Commission on time

28.11 Expired Staff Contracts

217 The hospital employed a number of staff under the Private Patients Scheme and paid them from NTR collections. There were however employees whose contracts had expired but continued receiving salaries without renewal of their contracts.

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

Observation and Recommendation

219 The Committee observed that it was irregular to maintain and pay individuals whose contracts had expired.

220 The Committee recommends that the Accounting Officer be held responsible for maintaining and paying individuals whose contracts had long been expired and accounting officer be made to refund the money paid out as salaries.

28.12 Staff Training Arrangements

221 The Auditor General observed that the Hospital had no Staff Training plan. Training in the institution was done in an adhoc manner.

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

Observation and Recommendations

223 The Committee observed that the absence of a Staff Training Plan hampers organized capacity building hence affecting the

41

Junson (

entity's capacity in as far as service delivery is concerned.

224 The Committee therefore recommends that the entity should develop a Staff Training Plan to enable proper capacity building.

225 The Committee further recommends that the Sectorial Committee of health should ensure the existence of a capacity building plan before recommending voting of resources.

28.13 Payments to Intern Doctors

226 The Auditor General noted that the Hospital used recurrent budget funds and funds from the Hospital Infrastructure Account amounting to Shs. 369,620,006 to pay intern doctors as part of their remuneration which money should have come from the Ministry of Health.

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

Observations and Recommendation

228 The Committee noted that during the year under review, Ministry of Health diverted funds Shs. 620,320,432 (inclusive of workshops) to cater for salaries and allowances of intern doctors. In the same financial year the Auditor General established that Mulago Hospital had diverted (Shs.369, 620,006).

229 The Committee was concerned about the possibility of double payment and failure to implement planned activities as a result of down payment.

230 The Committee further observed that whereas Ministry of Health took over the payment of intern Doctors with effect from March 2010, the Accounting Officer of Mulago Hospital continued paying food allowance to a tune of Shs.369, 620,006 to the Intern Doctors without regularization.

Junount



231The Committee recommends that Mulago Hospital undertakes to regularize the food allowance.

28.14 Payments to Relief Staff Shs. 101, 220,252

232 The Auditor General reported that the Hospital diverted GoU hospital recurrent funds amounting to Shs.101,220,252 to pay relief staff that were to be paid from user fees from the Private Patient Services.

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

Observations and Recommendation

234 The Committee observed that by time of Audit, the Accounting Officer had not submitted this category of staff to the Health Service Commission and Public Service Commission for phasing out with a view of embarking on the process of filing the gaps.

235 The Committee therefore recommends that the Accounting Officer be held responsible for not phasing out the relief staff as instructed by public service commission and paying Shs.101, 220,252 to relief staff.

28.15 Supply of Drugs and Medical Sundries by NMS

236 The Auditor General noted shortcomings in the supply and delivery of essential drugs and medical sundries by NMS to Mulago Hospital. The shortcomings included delayed supplies, stock outs of drugs, inability to supply specialized drugs and medical sundries, supply of poor quality drugs and lack of reconciliation between funds disbursed to NMS and deliveries made to Mulago Hospital.

237 The Accounting Officer agreed with the Auditor General's observation, and submitted that corrective measures had been put

mon

in place and a smooth working relationship between the two organizations had been established.

Observations and Recommendations

238 The Committee observed that delayed supplies, stock outs of drugs, inability to supply specialized drugs and medical sundries, supply of poor quality drugs and lack of reconciliation between funds disbursed to NMS and deliveries made to Mulago Hospital affected service delivery during the period under review.

239 The Committee observed 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.

240 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.

241 The Committee further 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.

Junoruh'

mothus

Jundunk"



PAC MEMBERS WHO ENDORSED THE COMMITTEE REPORT ON MINISTRY OF HEALTH AND MULAGO REFERAL HOSPITAL FOR THE YEAR ENDED 30TH JUNE 2010

	Name	Signature
1	Alaso Alice Asianut - Chairperson	Allan an
2	Mwiru Paul - Vice Chairperson	Small
3	Ababiku Jesca	4
4	Ajok Lucy	
5	Asupasa Isiko Wilson Mpongo	
6	Besisira Ignatius	Morro
7	Boona Emma	Surbonnel
8	Byarugaba Alex Bakunda	
9	Dombo Emmanuel	
10	Kabakumba Masiko	Masabeulse
11	Kabasharira Naome) milkaul
12	Kamba Saleh	
13	Karuhanga Kafureeka Gerald	
14	Katwiremu Yorokamu	Johnson .
15	Kiboijana Margaret N.	
16	Kwizera Eddie Wa Gahungu	SYA
17	Lwanga Timothy	1
18	Mugabi Muzaale Martin	V \
19	Musasizi Henry Ariganyira	The
20	Musinguzi Yona	
21	Nakato Kyabangi Katusime	Contract of the contract of th
22	Nandala Mafabi Nathan	0
23	Nantume Jennifer Egunyu	(fot
24	Ogwang Peter	Literan .
25	Okot Ogong Felix	Physmui;
26	Olanya Gilbert	
27	Oleru Huda	10 hday
28	Opolot Jacob Richard	Jan Jalal
29	Ssekikubo Theodore	
30	Ssewungu Joseph Gonzaga	Ar #