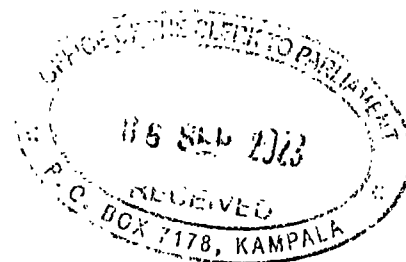




PARLIAMENT OF UGANDA



**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE – CENTRAL
GOVERNMENT ON THE REPORT OF THE AUDITOR GENERAL ON
NATIONAL/REGIONAL REFERRAL HOSPITALS AND OTHER SPECIALISED
HEALTH VOTES FOR THE YEAR ENDED 30TH JUNE 2022**

[Handwritten signatures and initials]
Benda

**Office of the Clerk to Parliament, Kampala
August, 2023.**

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

TABLE OF CONTENTS

LIST OF ACRONYMS AND ABBREVIATIONS	8
1.0. INTRODUCTION.....	10
2.0. SCOPE.....	10
3.0. General Observations and Recommendations	12
3.1. Implementation of quantified outputs.....	12
3.2. Absorption of Funds/Utilization of warrants	13
3.3. Misclassification of expenditure/Mischarges.....	14
3.4. Un-authorized loan deductions.....	16
3.5. Longstanding Payables	17
3.6. IT Governance.....	18
3.7. Understaffing in Health Facilities	20
3.8. Lira Regional Referral Hospital.....	20
3.8.1. Funding and absorption of Wage, Pension and Gratuity.....	20
3.8.2. Remittance of deductions (LST, PAYE, UNATU, UCLA)	21
3.8.3. Prepayments	22
3.8.4. Overall Revenue Performance.....	23
3.8.5. Unaccounted for Fuel.....	23
3.8.6. Payment of unsupported Domestic Arrears.....	24
3.9. Kiruddu Regional Referral Hospital.....	24
3.9.1. Performance of Non-Tax Revenue (NTR)	24
3.9.2. Understaffing	25
3.9.3. Drug stock-outs	25
3.10. Kawempe Regional Referral Hospital.....	26

4.3.1 Gratuity arrears-UGX. 167,487,795.....	26
3.10.1. Understaffing	27
3.10.2. Status of medical equipment	27
3.10.3. Failure to operationalize interfaces for systems integration	28
3.10.4. Delayed delivery of supplies- KNRH/SUPLS/21-22/00004	28
3.11. Entebbe Regional Referral Hospital.....	29
3.11.1. Over payment of salary, pension and gratuity	29
3.11.2. Under payment of pension and gratuity	30
3.11.3. Inaccurate computation of pension and gratuity	30
3.11.4. Under remittance of deductions	31
3.11.5. Failure to maintain an up to date staff list	31
3.11.6. Management of essential medicines and Health supplies.....	32
3.11.7. Procurement outside the procurement plan worth UGX. 267,725,480	32
3.11.8. Preparation of risk management and mitigation plans.....	33
3.12. China- Uganda Naguru Hospital.....	34
3.12.1. Management of Public Land.....	34
3.12.2. Maintenance of Land Register	34
3.12.3. Failure to Transfer Land into the Custody of ULC	35
3.12.4. Lack of Segregation of duties in the PDU	35
3.12.5. Stock-Outs and Non-Delivery of Medicines and Medical Supplies 36	
3.12.6. Expired Drugs	36
4.12. Jinja Referral Hospital.....	37

MP

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'Sh'. In the center, there are multiple overlapping signatures, including one that looks like 'Mada' and another that is more stylized. On the right, there is a large, bold signature that looks like 'B'. There are also some smaller initials and marks scattered around these main signatures.

4.12.1. Under payment of salary, pension and gratuity.....	37
4.12.2. Inaccurate computation of pension and gratuity.....	38
4.12.3. Delayed access of newly recruited or transferred staff to the payroll	39
4.12.4. Delayed access to the pension payroll	39
4.12.5. Delayed removal of staff from payroll	40
4.12.6. Deduction past the deduction end date	40
4.12.7. Unrealistic loan end dates.....	40
4.12.8. Computation and deduction of Local Service Tax (LST)	41
4.12.9. Remittance of deductions (LST, PAYE, UNATU, UCLA.....	42
4.12.10. Inconsistencies between interface files and payroll registers	43
4.12.11. Payments of salaries, pension & gratuity off the IPPS	43
4.12.12. Failure to carry out drug reconciliations -Poor record keeping	44
4.12.13. Lack of Technical Personnel in the Pharmacy	45
4.12.14. Lack of an approved fees structure.....	46
4.12.15. Handling of Expired Medicines	46
4.12.16. Failure to update stock cards.....	47
4.12.17. Failure to maintain a stock book.....	47
4.12.18. Failure to dispose off assets.....	48
5.12. Kabale Referral Hospital.....	48
5.12.1. Delayed access to the pension payroll	48
5.12.2. Deduction past the deduction end date and Unrealistic loan end dates.....	49
5.12.2. Computation and deduction of Local Service Tax (LST)	50

5.12.3. Inconsistencies between interface files and payroll registers.....	50
5.12.4. Absorption of funds.....	51
5.12.5. Off budget Financing.....	51
5.12.6. Obsolete/unserviceable Medical equipment.....	52
6.12. Mulago Specialized Women and Neonatal Hospital.	52
6.12.1. Revenue Performance	52
6.12.2. Performance of GoU receipts	53
6.12.3. Utilization of Warrants	54
6.12.4. Implementation of outputs and activities.....	54
6.12.5. Diversion/Mischarges	55
6.12.6. Un - discharged Tax Obligation.....	56
6.12.7. Non Remittance of Local Service Tax Deductions.....	57
6.12.8. Absorption of Wage, Pension and Gratuity Funds.....	57
6.12.9. Disposal and Decommissioning of ICT Assets	58
6.12.10. Un-ventilated Stores	58
7.12. Hoima Regional Referral Hospital.....	59
7.12.1. Under absorption of wage, pension and gratuity	59
7.12.2. Over payment of salary	60
7.12.4. Inaccurate computation of pension and gratuity.....	61
7.12.5. Delayed access of newly recruited or transferred staff to the payroll	61
7.12.6. Delayed access to the pension payroll	62
7.12.7. Delayed removal of staff from payroll	63
7.12.8. Misclassification of salary, pension and gratuity expenditure....	63

The bottom of the page contains several handwritten signatures and initials. From left to right, there is a signature that appears to be 'Sh', followed by a signature that looks like 'B. H. B.', then a signature that is mostly illegible but seems to start with 'J. M.', followed by the initials 'R. G.', then a signature that looks like 'M. B.', and finally a large, stylized signature on the right that appears to be 'M. D.'.

7.12.9. Computation and deduction of Local Service Tax (LST)	64
7.12.10. Computation and deduction of Pay As You Earn (PAYE)	65
7.12.11. Inconsistencies between interface files and payroll registers ...	65
7.12.12. Misclassification of Expenditure	66
7.12.13. Absorption of funds	66
7.12.14. Unaccounted for Funds	67
7.12.15. Irregular payment of VAT to non-registered supplier	68
7.12.16. Unpaid NSSF contributions for private wing staff	68
7.12.17. Preparation of risk management and mitigation plans	69
8.12. Gulu Referral Hospital	69
8.12.1. Absorption of wage, pension and gratuity	69
8.12.2. Over payment of salary, pension and gratuity	70
8.12.3. Under payment of Salary and Pension	70
8.12.4. Misclassification of salary, pension and gratuity expenditure	71
8.12.5. Remittance of deductions (LST, PAYE, UNATU, UCLA)	71
8.12.6. Outstanding Payables	72
8.12.7. Absorption of funds	72
8.12.8. Maintenance of a land Asset Register	73
8.12.9. Utilization of Hospital land	73
8.12.10. Failure to deduct withholding tax from eligible payments	74
9.12. Mubende Regional Referral Hospital	74
9.12.1. Funding of Wage, Pension and Gratuity	74
9.13. Mulago National Referral Hospital	75
9.13.1. Payment of Undisclosed Domestic Arrears	75

The bottom of the page contains several handwritten signatures and initials. On the right side, there is a large, stylized signature that appears to be 'MB'. Below it, there are several other signatures, some of which are crossed out with a large 'X'. There are also some initials and scribbles scattered across the bottom left and center.

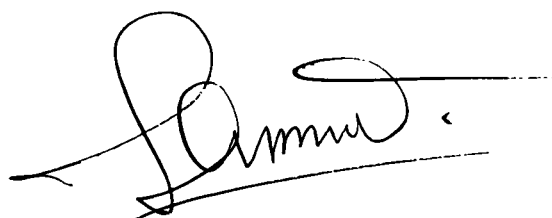
9.13.2. Unsupported Expenditure- UGX.1,041,373,039.....	76
9.13.3. Non-Disclosure of Pension and Gratuity Arrears in the financial statements	77
9.13.4. Implementation of the Approved Budget 2021/22	78
9.13.4.1. Utilization of warrants	78
9.13.4.2. Implementation of outputs and activities	79
9.13.5. Diversion/Mischarges	79
9.13.6. Management of Public Land	80
9.13.6.1. Titling and Transfer.....	80
9.13.6.2. Encumbrance on Public Land	81
9.13.7. Status of medical equipment.....	82
9.13.8. Failure to utilize integrated RX Inventory system	83
9.13.9. Procurement/Development and Use of Software/Licenses (IT Systems) and Equipment.....	84
9.13.10. Procurements	85
9.13.10.1. Use of direct procurement -UGX. 571,826,881.....	85
9.13.10.2. Other procurement irregularities - UGX.777,307,880.....	86
9.14. Uganda Cancer Institute (UCI).....	87
9.14.1. Utilization of warrants.....	87
9.14.2. Diversion/Mischarges	87
9.14.3 Un-Budgeted for Domestic Arrears.....	88
9.14.5. Unsupported Expenditure	90
9.14.6. Under Payment of Pension and Non-Payment of Gratuity	91

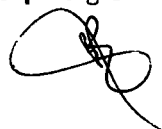
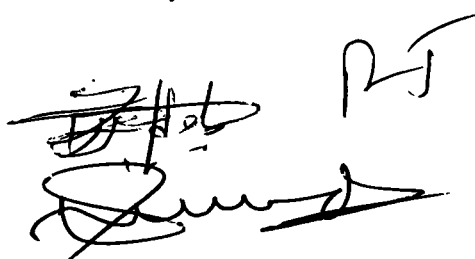
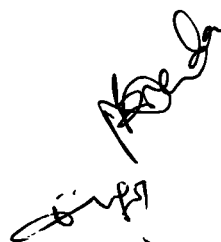
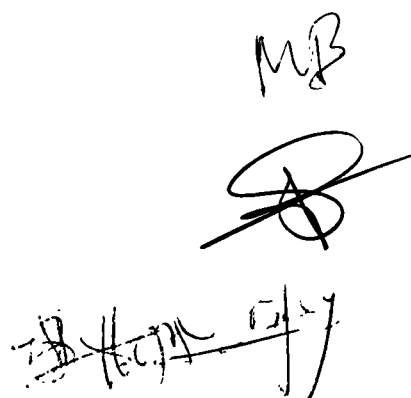
[Handwritten signatures and initials are present at the bottom of the page, including a large signature on the left and several smaller ones on the right.]

LIST OF ACRONYMS AND ABBREVIATIONS

AG:	Auditor General
AO:	Accounting Officer
AIDS:	Acquired Immune Deficiency Syndrome
BFP:	Budget Framework Paper
BOU:	Bank of Uganda
CIID:	Criminal Investigation & Intelligence Directorate
CUFH:	China – Uganda Friendship Hospital
DPP:	Directorate of Public Prosecution
DT:	Domestic Taxes
EA:	Executing Agency
EFT:	Electronic Fund Transfer
FY:	Financial Year
GSA:	Grant Support Agreement
HC:	Health Centre
HCMS:	Human Capital Management System
HSC:	Health Service Commission
IAS:	International Accounting Standards
ICT:	Information & Communication Technology
IT:	Information Technology
IDA:	International Development Agency
IFMS:	Integrated Financial Management System
IFRS:	International Financial Reporting System
MDAs:	Ministries, Departments and Agencies
MNRH:	Mulago National Referral Hospital
MOFPED:	Ministry of Finance, Planning and Economic Development
MOH:	Ministry of Health
NMS:	National Medical Stores
NPA:	National Planning Authority
OAG:	Office of the Auditor General

PAC:	Public Accounts Committee
PCA:	Payroll Consults Africa
PDMS:	Payroll Deductions Management System
PFMA:	Public Finance Management Act, 2015
PFMR:	Public Finance Management Regulations, 2016
PPDA:	Public Procurement & Disposal of Public Assets Act, 2003
PS:	Permanent Secretary
PS/ST	Permanent Secretary/Secretary to Treasury
RRH:	Regional Referral Hospital
TI:	Treasury Instructions
UBA:	Uganda Bankers Association
UCLA:	Uganda Consumers and Lenders Association
UCF:	Uganda Consolidated Fund



1.0. INTRODUCTION

Rt. Hon. Speaker and Honorable Members,

Article 163 (4) of the Constitution mandates the Auditor General to submit to Parliament, an annual report of the accounts audited by him/her for the FY immediately preceding.

The Constitution further, Under Article 163(5), requires Parliament to debate and consider the report and take appropriate action within six months after the submission by the Auditor General.

The Report of the Auditor General on National Referral Hospitals for the financial year 2021/2022 was laid on the floor on 19th February 2023 and referred to the Public Accounts Committee – Central Government for consideration. Pursuant to Rule 174 of the Rules of Procedure, the Committee on Public Accounts – Central Government considered these reports to satisfy itself among others that;

- a. The monies appropriated by Parliament and disbursed were legally available for, and applicable to the service or purpose to which they have been applied or charged;
- b. The expenditure conforms to the authority which governs it;
- c. Re-appropriation has been made in accordance with the provisions of the rules of a competent authority; and
- d. The intended value of the expended monies was attained.

2.0. SCOPE

The Report covers audit queries and observations contained in the Report of the Auditor General for the period ended 30th June, 2022 in respect of National Referral Hospitals of Mulago, Kiruddu, Butabika, China – Uganda Friendship

[Handwritten signatures and initials are present at the bottom of the page, including "MB" in the top right corner and various signatures across the bottom.]

Naguru, Kawempe and Regional Referral Hospitals. In addition, the report covers findings on other specialized health related institutions/votes and programs such as Uganda Cancer Institute, and Uganda Virus Research Institute.

METHODOLOGY

The Committee held meetings with the AOs and staff of the following entities in the Health Sector;

- a. Ministry of Health
- b. Mulago National Referral Hospital
- c. Butabika National Mental Referral Hospital
- d. Kiruddu National Referral Hospital
- e. China – Uganda Friendship Hospital, Naguru
- f. Kawempe National Referral Hospital
- g. Arua Regional Referral Hospital
- h. Gulu Regional Referral Hospital
- i. Lira Regional Referral Hospital
- j. Soroti Regional Referral Hospital
- k. Jinja Regional Referral Hospital
- l. Mbarara Regional Referral Hospital
- m. Kabale Regional Referral Hospital
- n. Mubende Regional Referral Hospital
- o. Uganda Cancer Institute
- p. Uganda Virus Research Institute

The Committee further conducted desk research to understand the legal and policy provisions relating to appropriation, disbursement, expenditure and accountability of public funds.

The Committee examined the report of the AG in respect of the entities' accounts for the year under review, the memoranda/responses and other documents submitted as evidence by witnesses.

MS

A collection of handwritten signatures and initials in black ink, located at the bottom of the page. The signatures are of various styles, some appearing to be official or formal, while others are more casual. They are spread across the width of the page, with some overlapping.

3.0. General Observations and Recommendations

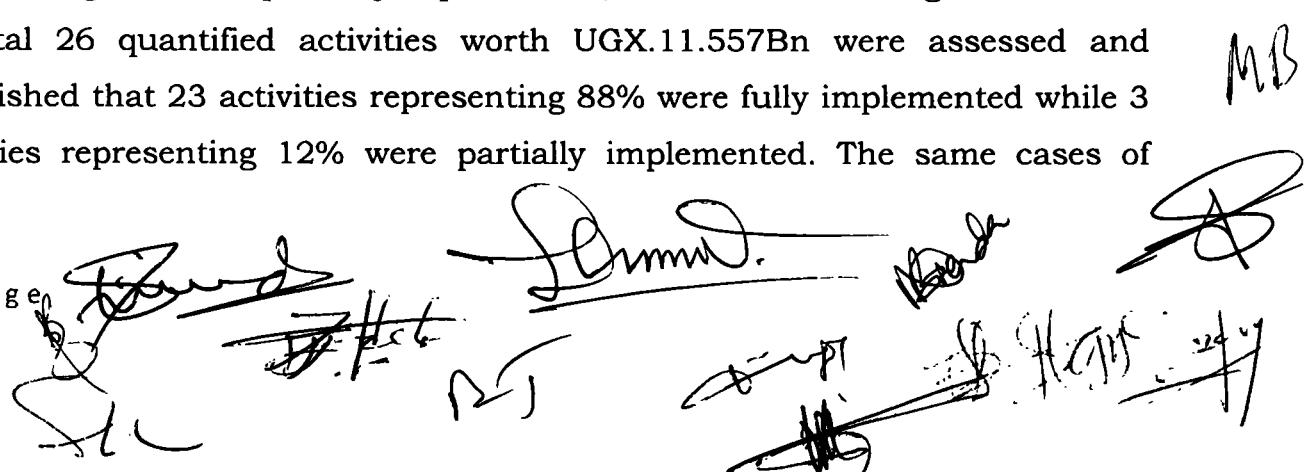
3.1. Implementation of quantified outputs

Section 13 (15, b) of the PFMA 2015 provides that a policy statement submitted by a vote shall contain the annual and three month's work plans, outputs, targets and performance indicators of work plans.

Equally, Regulation 11 (3) of PFMR 2016 requires that a Vote should prepare work plans that indicate the outputs of the Vote for the FY; the indicators that are to be used to gauge the performance of the outputs and funds allocated to each activity.

From the report of the Auditor General, most votes forelisted did not implement their outputs fully despite having received the required funds. Many AOs the Committee interacted with attributed this partial implementation to the lockdown instituted by Government at the time, as a measure to curb the spread of COVID-19 pandemic. It should be noted, however, that although COVID-19 disruptions were a reality, health workers were categorized as "essential workers" at the time and therefore were expected to carry on implementing some of the planned activities, although the Committee notes that the number of staff at these institutions had been significantly reduced at the time, which hampered the implementation of the quantified outputs. This, especially relate to the non-medical staff

In Kawempe National Referral Hospital for example, the Auditor General noted 26 quantified activities worth UGX.11.557Bn were assessed and established that 23 activities representing 88% were fully implemented while 3 activities representing 12% were partially implemented, while in Kiruddu Regional Referral Hospital 26 quantified activities worth UGX.11.557Bn were assessed and established that 23 activities representing 88% were fully implemented while 3 activities representing 12% were partially implemented. The same cases of

The bottom of the page features several handwritten signatures and initials. On the left, there is a signature that appears to be 'S. K.' and another that looks like 'S. K. H. S. 6'. In the center, there is a large, stylized signature that reads 'S. K. H. S. 6'. To the right of this, there are several other signatures and initials, including one that looks like 'M. B.' and another that looks like 'S. K. H. S. 6'. The signatures are written in black ink on a white background.

partial implementation can be cited in Naguru and Mubende Regional Referral Hospitals.

The Committee recommends that AOs should ensure that the planned and approved outputs are implemented and those that fail should be penalised.

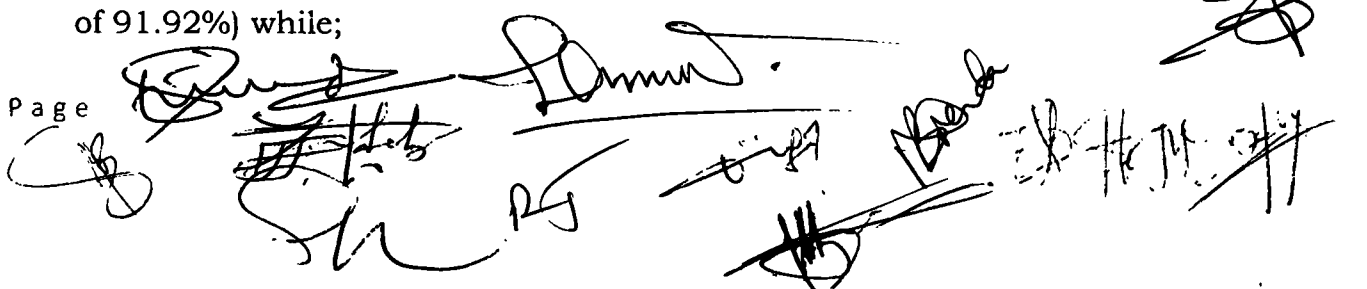
3.2. Absorption of Funds/Utilization of warrants

A number of entities were noted in the report of the Auditor General to have failed to optimally absorb the funds that were allocated to them causing money to be swept back to the Treasury. These funds were mostly meant for wage, gratuity and pension that were not fully paid by the end of the financial year.

While interacting with some of these entities, the Committee discovered that majority of the affected AOs did not seek a revision of their budget and work plan as provided for under section 17 (3) of the PFMA, 2015.

For example;

- Kiruddu Referral Hospital had total warrants for the financial year of UGX.21.287Bn, only UGX.20.656Bn was spent by the entity resulting in an unspent balance of UGX.0.63Bn (representing an absorption level of 97.6%
- Kawempe Hospital had total warrants for the financial year of UGX.13.168Bn, the Hospital spent UGX.13.030Bn resulting in unspent balance of UGX.0.139Bn representing an absorption level of 99%.
- Entebbe Hospital had warrants amounting to UGX. 3.88Bn, UGX. 3.35 Bn was spent by the entity resulting in an unspent balance of UGX. 0.329Bn, representing an under-absorption level of 1%. The unspent balance of UGX 0.329Bn was on salaries occasioned by late release of funds.
- Naguru Hospital had total warrants for the financial year of UGX.10.870Bn, only UGX.9.99Bn was spent by the entity resulting in an unspent balance of UGX.0.878Bn (representing an absorption level of 91.92%) while;

The bottom of the page features several handwritten signatures and initials in black ink. On the left, there is a signature that appears to be 'B'. In the center, there are multiple overlapping signatures, including one that looks like 'Dennis'. To the right, there is a large, stylized signature that resembles 'MB'. Below these, there are more initials and signatures, including one that looks like 'PS' and another that is a large, bold signature. The overall appearance is that of a formal document with multiple approvals or signatures.

- Jinja Hospital had total receipts of receipts for the financial year of UGX. 11.065Bn of which, UGX. 9.978Bn was spent by the entity resulting in an unspent balance of UGX.1.086Bn representing an absorption level of 90%.

The Committee also noted with concern that some of the unspent funds resulted from late release of funds especially supplementary budget for salaries which defeats the conditionalities of approval for supplementary budget as laid down in the PFM Act,2015.

The Committee notes that this is one of the causes of under absorption. Section 17 of the PFMA states that any appropriation by Parliament expires by 30th June and cease to have any effect at the close of the FY for which it is made.

The Committee recommends that;

- a. the Accountant General strictly enforces section 15 (2) of the PFMA, 2015 which requires that the annual cash flow plans issued under sub section (1) be the basis for release of funds to entities.***
- b. the AOs should strictly adhere to the annual budget performance contract signed with the PS/ST pursuant to Section 45 of the PFMA, 2015. The contract binds AOs to deliver on the activities in the work plan of the vote for the FY submitted under section 13 (15) of the PFMA, 2015.***
- c. All releases for wages must be made in a timely manner to ensure recruitment for service delivery.***

3.3. Misclassification of expenditure/Mischarges

Audit established that a number of entities irregularly diverted funds from the activities on which they were budgeted and spent on other activities without seeking and obtaining the necessary approvals

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'Dennis'. In the center, there are several initials, including 'PS' and 'RS'. On the right, there is a large, stylized signature that looks like 'MB' and another signature that looks like 'B'. There are also some other smaller, less legible signatures and initials scattered across the bottom.

Accounting officers explained that this was due to the inadequate budget allocation to the entity yet the Hospitals experienced unplanned emergencies like frequent equipment break down, water and sewerage crisis, frequent power outages that required more fuel and infections in the wards and theatres due to high patient numbers thus the need for urgent fumigation services.

Others AOs explained that the hospitals had a shortfall on pension but there were extra funds on gratuity budget. In order to avoid accumulation of pension arrears, the hospital paid pension from gratuity budget.

The committee observed that Misclassification is diversion of funds and most of the diversions were effected on statutory expenditure lines of salary, pension and gratuity. For instance; Lira, Kawempe, Jinja Hospitals registered Mischarges amounting to UGX.105Million, 47.1Million and 75Million respectively.

It was also noted that in some instances the Accounting officers over budgeted and concealed funds under statutory items yet they were over and above the actual requirement. ¹

The committee further observed that Diversion of funds is not only contrary to the Public Finance and Management Act, but it negatively affects the delivery of services and negates the purpose of budgeting by distorting approved plans.

The Committee recommends that the affected Accounting Officers should be reprimanded by the PSSST for diverting funds from one expenditure item without seeking authority and a report be given to Parliament within six months.

The committee further recommends that Accounting officers should utilize the PFMAAct,2015 which gives guidance on virement and reallocation of funds within a vote should need arise.

¹ Mubende National Referral Hospital,

The bottom of the page contains several handwritten signatures and initials. On the left, there are three distinct signatures. In the center, there is a large, stylized signature. To the right of this, there are several initials and smaller signatures, including one that appears to be 'MB' in the top right corner and another that looks like 'PS' in the center. The signatures are written in black ink on a white background.

3.4. Un-authorized loan deductions

The Auditor General noted that in most Regional Referral Hospitals, there were unauthorized loan deductions from employee's salaries without letters of undertaking from the responsible officers.

The AOs explained that this mainly arose from staff transferred to new stations without their personal files. In such cases, employees would have active deduction accounts without complete records at the new station(s). In some cases, non-transferred staff faced similar predicaments thus attracting the attention of the Auditor General.

AOs further informed the committee that the problematic loans were contracted before PCA came into existence and were being granted at Ministry of Public Service. However, currently, all loans are forwarded and granted basing on a letter of undertaking issued by Accounting officer. Indeed Hon. Colleagues, we have raised similar concerns of loan deductions on behalf of affected civil servants. We have also passed resolutions but the vice continues.

In Lira Hospital for example, Audit established that that UCLA/UBA deducted UGX.12,591,781 from 15 staff without approval of the Accounting Officer from the PDMS the 15 staff were not in "my approval report"² but in the "active deduction report"³ in Hoima Referral Hospital, UCLA/UBA deducted UGX. 21,015,298 from 8 staff without approval of the Accounting Officer from the PDMS

The Committee observed that;

1. Government continues to maintain manual staff files which are not easily moveable upon transfer of the affected staff.
2. The practice poses a risk of causing deduction without liability thus, depriving staff of their hard-earned funds vice. This may also expose Government to litigation and in some cases industrial action.

² "My Approval Report" shows all loans approved by the entity. If a loan is not in "My Approval Report" then the Accounting Officer did not approve.

³ "Active Deductions Report" shows all loans which are active or running at a particular period.

The bottom of the page contains several handwritten signatures and initials. On the left, there is a large, stylized signature. In the center, there are several smaller signatures and initials, including one that appears to be 'RG'. On the right, there is a signature that looks like 'MB' and another that is partially obscured by a large, bold signature.

Further, the Committee is cognizant of clauses 2.1.2 & 2.1.4 of the service agreement between the Government (MoPS) and Uganda Consumer Lenders' Association/Uganda Bankers' Association, which require a letter of undertaking for each Government employee before making employee reservation on the PDMS. Therefore, under the said clauses, only deductions consented to by employees, in writing, should be submitted to the MoPS for timely monthly payroll processing or as advised by the employer/entity.

The Committee recommends that;

- 1. Accounting Officers should ensure that all loan applications are streamlined, with all data being reconciled in liaison with PCA management and approvals done through the PDMS.***
- 2. The Hospital management(s) should within 2 months from the adoption of this report by Parliament seek for guidance from the MoPS on the usage of PCA and PDMS interface to accurately manage their loan database.***
- 3. The Government should migrate from manual to digital/automated files and no deductions should be made without fully implementing this.***

3.5. Longstanding Payables

The Audit Report established that the amount of arrears in Hospitals over time and the current budget allocation does not match. For instance, in Kiruddu Hospital Management reported a closing balance of payables balance of UGX.458 Million, Kawempe hospital reported UGX.932 Million, Jinja UGX.1.5Bn while Entebbe Hospital reported UGX. 824 Million

The AOs explained that the accumulated arrears were mainly arising from inadequate funding for the entities as well as insufficient releases that escalated utility costs

MB

The bottom of the page contains several handwritten signatures and initials. On the left, there is a large, stylized signature. In the center, there are several smaller signatures and initials, including one that appears to be 'RJ'. On the right, there is a signature that looks like 'MB' and another that is partially obscured. The signatures are written in black ink on a white background.

The committee observed that in some instances, the approved budget estimates for the year under review had no provision for the settlement of domestic arrears. These entities cannot run effectively without some of these services.

The committee further observed that Incurring more debts is contrary to the commitment control system instituted by Government to curb budgetary indiscipline by AOs

The committee observed that accounting officers committed government beyond the approved budget without authorization contrary to the commitment control system.

The Committee recommends that the Accounting Officers should ensure adherence to the commitment control system to minimize accumulation of domestic arrears, budget for payment of domestic arrears and also come up with a debt settlement plan with the various creditors to avoid possible litigation and the associated costs.

The committee recommends that Accounting Officers should be held responsible for creation of arrears.

The MoFPED should also be held liable for failure to clear domestic arrears which pose a danger of insufficient & ineffective service delivery.

3.6. IT Governance

IT governance entails leadership, structures, and processes that enable an organization to make decisions to ensure that its IT sustains and extends its strategies and objectives. However, a review of the IT governance structures in some entities revealed that;

- i. There were no specific structures that steer and oversee IT implementation.

The bottom of the page features several handwritten signatures and initials. On the left, there is a signature that appears to be 'S. J.' followed by another signature. In the center, there is a large, stylized signature that looks like 'Dennis P. ...'. To the right of this, there are several other signatures and initials, including one that looks like 'M. B.' and another that looks like 'J. ...'. The signatures are written in black ink and are somewhat messy and overlapping.

- ii. The entities had an approved IT staff structure in place but not implemented for instance in Mulago Specialized Hospital, the entity has 1 (16%) out of the IT staff establishment of six (6). Similar findings were made in Kiruddu and China- Uganda Naguru Hospital
- iii. There was no approved IT risk management framework/policy at the entity, and risk register.
- iv. There was no business continuity plan, contrary to Section 4.6 of the National Information Security Policy 2014.

The Accounting Officers explained that management is engaging NITA-U, Ministry of ICT to establish an IT risk management framework and Business continuity plan

The Accounting Officers further explained that the hospitals were undertaking consultation with relevant stake holders to institute an IT governance structure to effectively and efficiently manage the hospital's IT resources. It was further explained that management will put in place an IT risk management framework and robust business continuity and recovery plan to aid business continuity.

The committee observed that Absence of ICT governance structures hampers formulation of appropriate ICT policies, strategies and real time upgrade of ICT interventions. In addition, it may lead to misalignment of IT investments with the overall government strategic objectives.

The Committee recommends that the Accounting Officers should expedite the process of engaging NITA-U and Ministry of ICT in establishing an IT risk management framework and Business continuity plan.

The committee recommends that the Accounting Officers should institute governance policies, structures to effectively manage IT investments in consultation with other stakeholders like that NITA-U.

A collection of handwritten signatures and initials in black ink, located at the bottom of the page. The signatures are varied in style, with some being more legible and others being more stylized or scribbled. There are approximately 10-12 distinct marks, including what appears to be a signature that looks like 'Danna' and another that looks like 'MB'.

3.7. Understaffing in Health Facilities

AG observed that National Regional Referral Hospitals have staff structures that need to be adequately filled for efficient and effective service delivery. Audit further established that critical gaps were mainly observed in the National Referral Hospitals that were recently elevated from Regional Referral status whose staff structures are yet to be approved by the Ministry of Public Service.

Most of the Accounting Officers explained for most of the facilities do not have funds for recruitment while others; funds for recruitment of staff were warranted and released in the last quarter of the financial year (May 2022). As a result, there was not enough time for Health Service Commission to recruit staff so that the facilities can absorb the funds. Funds were thus returned to the UCF.

The committee observed that Inadequate staffing results in heavy workloads and exploitation of existing staff, creates job related stress which negatively affects the quality-of-service delivery to the community.

The Committee further observes that this partly explains the rampant unemployment & under employment yet Government has the relevant budget

The committee recommends that Government should ensure adequate funds are provided in the budget and released on time to ensure recruitment plans for health facilities is implemented within the available timelines provided.

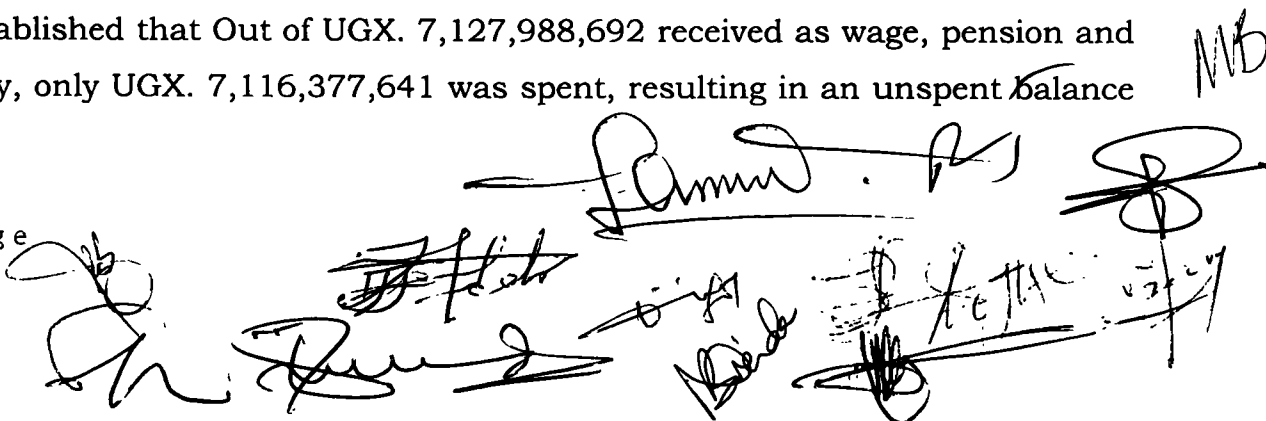
MoFPED should be held liable for late release of such critical funds.

SPECIFIC OBSERVATIONS AND RECOMMENDATIONS

3.8. Lira Regional Referral Hospital

3.8.1. Funding and absorption of Wage, Pension and Gratuity

AG established that Out of UGX. 7,127,988,692 received as wage, pension and gratuity, only UGX. 7,116,377,641 was spent, resulting in an unspent balance

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'D. R. R.'. In the center, there is a signature that looks like 'D. R. R.'. To the right of that, there is a signature that looks like 'D. R. R.'. Further right, there is a signature that looks like 'D. R. R.'. On the far right, there is a signature that looks like 'D. R. R.'. There are also some initials and marks scattered around these signatures.

of UGX. 11,611,051 that was returned to the consolidated fund this was due to non-payment of one contract staff/ pensioner.

The Accounting officer explained that under absorption of salaries was caused by non-payment of one contract staff Mr. Odu Bernard who is both a staff and pensioner. The system failed to capture this payment since the pension payment was processed first and this was at the time of closure of the financial year.

Relatedly, audit revealed that during the period under review there was an underpayment of UGX. 288,412 in respect to staff salary.

The committee observed that the essence of decentralization of payments was to bring services closer to the people, therefore, salary and pension are monthly statutory obligations whose nonpayment or underpayment deserve the attention of the Accounting officer and cannot be ignored for a whole financial year as the affected staff painfully provide the required services.

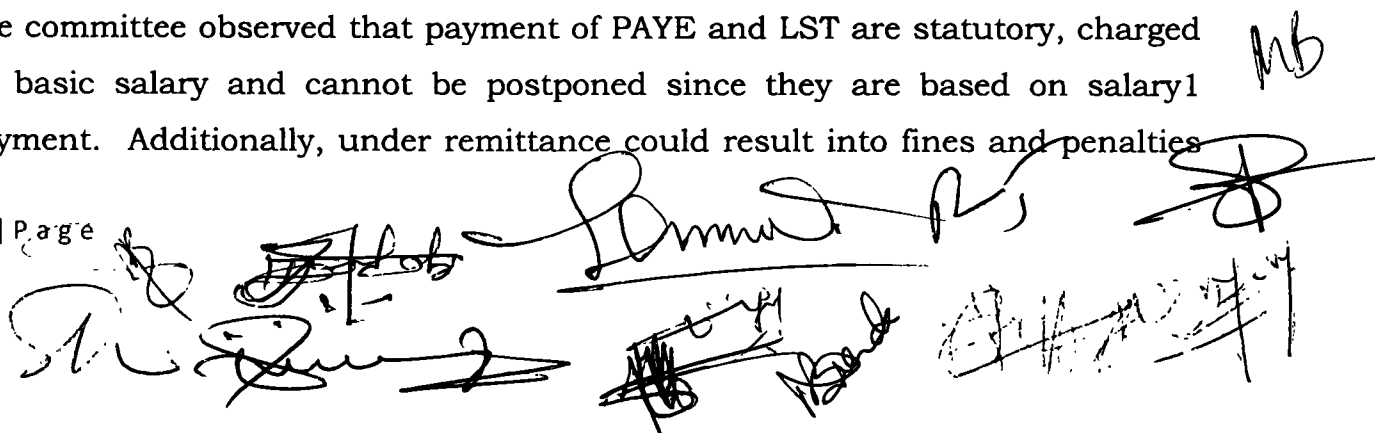
The committee recommends that Accounting Officer should be held responsible for creation of arrears due to his failure to effectively manage payroll

3.8.2. Remittance of deductions (LST, PAYE, UNATU, UCLA)

Audit compared the deductions in the IPPS payroll registers with the remittances/payments in the IFMS details XML payment file and noted an over remittance amounting to UGX.20,683,510 and under remittance of UGX.174,670,950.

The Accounting Officer explained that the over remittance was due to enhancement of salaries plus lunch allowances; meanwhile under remittance of deductions was due to wage shortfall, the liabilities have been declared and request for the funds had been submitted to Ministry of Finance Planning and Economic Development.

The committee observed that payment of PAYE and LST are statutory, charged on basic salary and cannot be postponed since they are based on salary1 payment. Additionally, under remittance could result into fines and penalties

The bottom of the page features several handwritten signatures and initials in black ink. On the right side, there is a large, stylized signature that appears to be 'NB'. Below it, there are several other signatures, some of which are more legible than others. The signatures are scattered across the bottom of the page, with some overlapping. The overall appearance is that of a formal document with multiple approvals or signatures.

and also creates avenues for siphoning funds through creation of fictitious suppliers/ beneficiaries in the system of which in this case it created a financial loss to government.

The committee recommends that Accounting officer should ensure that all salary enhancements be approved gross of the related statutory deductions.

The committee further recommends that Accounting officer should be held liable for creation of arrears of statutory deductions and other approved staff commitments.

3.8.3. Prepayments

The committee observed that prepayments amounting to UGX.402,264,456 in respect of NWSC and UMEME were made at the end of the financial year for services which had not yet been consumed.

The Accounting Officer responded that reconciliations are done quarterly and yearly and had been attached on the submission to the committee. However, the committee observed that no evidence of reconciliation and proof of the current status of consumption of utilities was provided.

The committee observed that prepayments effected without invoice may lead to misappropriation of funds since they are not based on actual consumption

The committee further observed that the Hospital paid without invoices yet utility payments based on amounts consumed and invoices/claims submitted by the utility service providers since government runs a cash budget.

The committee recommends that all payments for utilities should be supported by invoices /claims as evidence of actual consumption and that the Accounting Officer should verify all invoices before committing Government on such prepayments to avoid loss of money.

The Auditor General should follow up to ensure that double payments are avoided.

MB

A collection of handwritten signatures and initials in black ink, including a large signature at the top left, several smaller signatures and initials in the center, and a signature on the right side.

3.8.4. Overall Revenue Performance

Out of budgeted total revenue of UGX.15,649,329,200 for the year 2021/2022, UGX.10,790,701,383 (69%) was realized thus affecting payment of contract staff salaries, allowances and related expenses.

Accounting officer responded that the staff in question who were not paid were contract staff under G2G and were paid though supplementary budget released by ministry of Finance, Planning and Economic Development.

The committee reviewed the Financial statements of Lira Referral Hospital and observed that the Hospital had an approved budget for employee costs amounting to UGX.8.71Bn, with an additional supplementary amounting to UGX.3.2Bn approved. However, actual expenditure on Employee costs was UGX.7.92Bn which defeated the motive of supplementary budget to statutory expenditure. Parliament should be more keen and enforce the PFMA in approving supplementary budgets

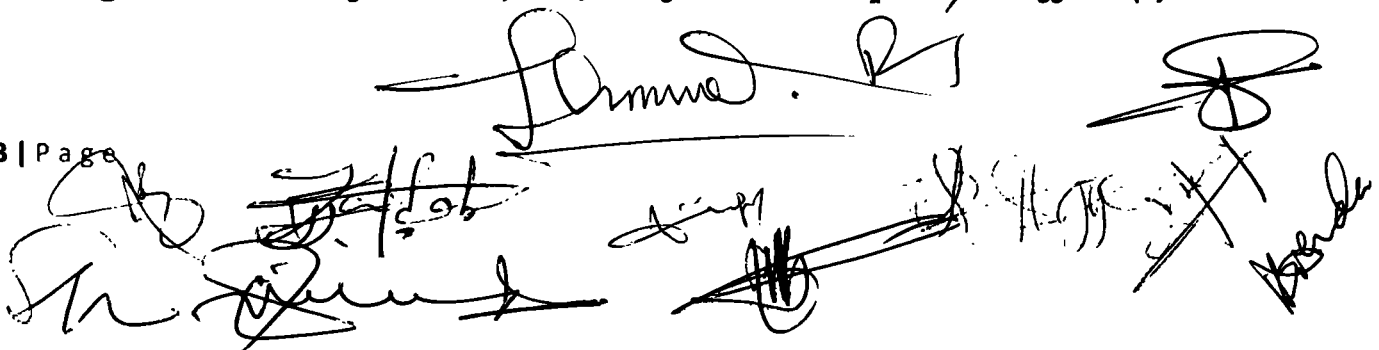
The committee recommends that ministry of finance should release funds as appropriated by Parliament to achieve effective service delivery and to avoid arrears and distortions to the budget.

3.8.5. Unaccounted for Fuel

The Audit established that the Hospital incurred fuel expenditure amounting UGX.35,298,250 deposited in United Bank of Africa (UBA) cards but the Accounting Officer did not provide consumption schedules/print outs as accountability and evidence of utilization.

The Accounting Officer explained that the accountability documents were available for verification however, the committee noted that accountabilities for the amount in question was not availed both to the auditors and to the Committee itself.

The committee recommends that Accounting officer should institute recovery mechanism of UGX.35,298,250 from the responsible officer(s)

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'In'. In the center, there is a large, stylized signature that looks like 'J. M. M.'. To the right of this, there are several other signatures and initials, including one that looks like 'MB' in the top right corner and another that looks like 'MB' in the bottom right corner. There are also some crossed-out signatures and initials.

within 6months of adoption of this report. The responsible officers should further be prosecuted.

3.8.6. Payment of unsupported Domestic Arrears

Auditor General discovered that an amount worth UGX.24,204,209 relating to payment for supplies/works executed in the financial year 2020/2021 was expended as part of the current year expenditure yet there was no evidence of prior recognition of the domestic arrear as a payable and there was no budget provision. This is contrary to Note (xi) of the Accounting Template for Accounting Officers 2021 which requires that qualifying unsettled expenditure is recognized in the Statement of Financial position as payables.

The Accounting Officer explained that the Results Based Financing (RBF) funds disbursement and accountability were not following the Government of Uganda financial year and therefore the issue of arrears did not arise. They do not constitute domestic arrears since they received and spent as guided by Ministry of health.

The committee observed that while the Ministry attached RBF Manual extract, it did not explain the related accountability centers and cycle.

The committee recommend that the Ministry of Health should provide guidelines on accountability of Result Based Funds.

3.9. KIRUDDU REGIONAL REFERRAL HOSPITAL

3.9.1. Performance of Non-Tax Revenue (NTR)

Audit established that the entity budgeted to collect NTR of UGX.0.8Bn during the year under review. Out of this, only UGX.0.6Bn, was collected representing 75% of the budgeted amount.

The Accounting Officer explained that the low collection resulted from Covid-19 pandemic and its impact on economy.

A collection of handwritten signatures and initials in black ink, located at the bottom of the page. The signatures are varied in style, with some appearing to be full names and others being initials or abbreviations. They are scattered across the bottom third of the page, overlapping the page number.

The Committee observed that shortfalls in NTR collections at vote level result in aggregate NTR/revenue shortfalls at the treasury level, which negatively affects the implementation of planned activities by government.

The committee recommends that the Accounting Officer should engage Ministry of Finance, Planning and Economic Development at the time of budgeting to prepare more realistic NTR estimates and ensure full collections

3.9.2. Understaffing

Audit established that out of the approved Hospital staff structure of 830 positions, ***only 293 (35%) posts were filled, leaving 537 (65%) positions vacant.*** Included in the 537 vacant positions are critical positions such as Director surgical services, 36 consultants and 20 senior consultants.

The Accounting Officer explained that the challenge had been lack of funds to recruit the requisite staff to increase the current staffing levels

The committee observed that understaffing overstretches the available staff beyond their capacity, creates job-related stress to the fewer staff and negatively affects the level of public service delivery to the community. Understaffing equally feeds into the Country's unemployment statistics and poverty indices.

The Committee recommends that the Accounting Officer should liaise with Health Service Commission, Ministry of Public Service and Ministry of Finance Planning and Economic Development to mobilize funds to facilitate recruitment of staff at the facility.

3.9.3. Drug stock-outs

A review of drugs supply chain management revealed that on several occasions there were drug stock outs which left Kiruddu NRH without several essential, vital and necessary drugs. Drugs stock outs are potentially dangerous to the lives of patients.

The Accounting Officer explained that the Hospital management made drug requests to NMS every month. During the period under review there was

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'SK'. In the center, there is a large, stylized signature that looks like 'Lamin'. To the right of this, there are several other signatures and initials, including one that looks like 'RT' and another that looks like 'MB' in the top right corner. There are also some crossed-out signatures and initials.

overwhelming demand for COVID-19 items which caused supply chain disruptions.

The committee observed that drug stock outs could lead to death of patients for not taking the required dosage of medicines. Stock outs not only erode patient's confidence in a facility but could also lead to deaths.

The committee recommends that the Accounting Officer should continuously engage National Medical Stores to deliver drugs as per the requests/orders.

3.10. KAWEMPE REGIONAL REFERRAL HOSPITAL

4.3.1 Gratuity arrears-UGX. 167,487,795

Audit established that gratuity of UGX. 167,487,795 was not paid to three (3) pensioners as at the close of the financial year.

The Accounting Officer explained that the non-payment of gratuity was due to inadequate funding and lack of letters of administration for the deceased staff. the AO further explained that the Financial statements have since been adjusted to reflect UGX. 167,487,795 as gratuity arrears for the affected staff.

The Committee observed that Non-payment of gratuity leads to accumulation of arrears and affects the livelihoods of the beneficiaries. It also demotivates staff.

The committee recommends that Accounting officer should follow up with the next kin of the deceased to enable the processing and payment of gratuity.

The committee further recommends that the Accounting Officer should liaise with MoFPED to ensure that funds are provided to enable settlement of the gratuity arrears in the subsequent financial year.

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'M. B.'. In the center, there is a large, stylized signature that looks like 'L. M.'. To the right of this, there are several other signatures and initials, including one that looks like 'MB' and another that looks like 'MB' with a large 'X' over it. There are also some initials that look like 'MB' and 'MB'.

3.10.1. Understaffing

Audit established that although the hospital had an established staffing level of 889 only 296(33%) positions were filled leading to an understaffing of 585 (67%).

The Accounting Officer explained that the Hospital continues to engage the Ministry of Health, Ministry of Public Service and MoFPED to obtain the requisite additional wage and clearances to recruit the required staff.

The committee observed that Understaffing results in heavy workloads on existing staff and affects the Hospital's performance which in turn affects the overall service delivery objective.

The Committee recommends that the Accounting Officer should liaise with Health Service Commission, Ministry of Public Service and Ministry of Finance Planning and Economic Development to mobilize funds to facilitate recruitment of staff at the facility.

3.10.2. Status of medical equipment

Audit noted that while some vital medical equipment was fully functional, other equipment were due for service.

The Accounting Officer explained that the Hospital total maintenance approved budget for plants, civil and equipment was UGX. 418,000,000 for FY 2021/22 against the required total budget of UGX. 1,713,000,000 to fully have all the plants, infrastructure and equipment fully maintained and serviced. The Accounting Officer further noted that although the hospital non-wage budget was increased by UGX. 2,000,000,000 for the FY 2022/2023, the money had never been released to enable the hospital promptly maintain and service its equipment.

The committee observed that inability to service medical equipment presents a daunting task for the medical workers in the effective execution of their duties and use of un-serviced equipment could prove dangerous to the patients and may also result into wrong diagnosis.

A collection of handwritten signatures and initials in black ink, located at the bottom of the page. There are approximately eight distinct marks, including a large signature on the left, a signature in the center, and several initials or smaller signatures on the right. Some of the marks appear to be crossed out or have additional lines through them.

The committee recommends that the Accounting Officer should liaise with MoFPED to ensure that adequate funding is made available for maintenance of medical equipment. The MoFPED should ensure 100% release for medical services.

3.10.3. Failure to operationalize interfaces for systems integration

Audit noted that the entity deployed two (2) systems, they did not have any automated mechanisms to share information (integrated). As such, information sharing was purely manual despite being explicitly provided for, in the respective system.

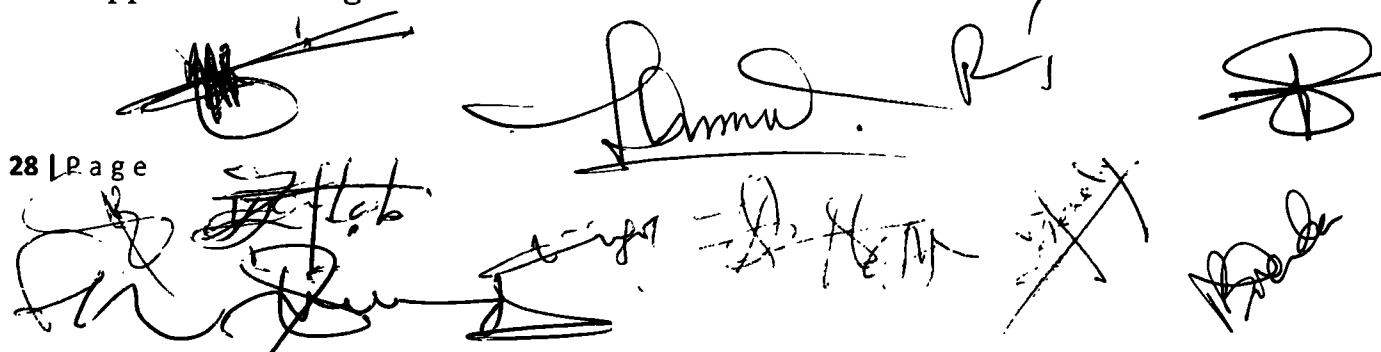
Management explained that the Integrated Hospital Management System-IHMS is still under development by the vendor under the Ministry of Health. However, after Phase one training of staff/users some modules were activated for use while others are still under development.

The committee observed that non development and updating of interfaces may lead to errors in the data and inaccuracy of information between systems. In addition, it defeats the purpose of system deployment and effectiveness of Government ICT systems.

The committee recommends that the Accounting Officer should prioritize the operationalization of interfaces for system integration once the development of the IHMS is completed.

3.10.4. Delayed delivery of supplies- KNRH/SUPLS/21-22/00004

Auditor General established that the hospital contracted M/S Toyota Uganda Limited (CFAO Motors Uganda) to supply two double cabin Pickups at a contract sum of UGX.433,432,126. It was however noted that although the entire contract amount was paid only one double cabin pickup had been delivered by the time of reporting, almost 6 months late yet the entire contract amount was paid to the supplier before registration of the vehicles

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'R. L. L.' and another signature below it. In the center, there is a large, stylized signature that looks like 'D. L. L.' and another signature below it. On the right, there is a signature that looks like 'R. L. L.' and another signature below it. There are also some initials and marks scattered around, including 'MB' in the top right corner and 'MB' in the bottom right corner.

Management explained that M/S Toyota Uganda limited explained that their company experienced production and allocation delays for the Toyota Hillux double cabins pickups when their factory in Durban, south Africa experienced flooding hence switching their production to Thailand with lengthened the lead time. however, the second double cabin has since been delivered.

The committee observed that disbursing of full payment exposed the hospital to the risk of loss of funds in case the supplier failed to deliver the motor vehicle.

The committee recommends that the Accounting Officer should streamline procurement processes to ensure timely implementation of procurements and adherence to the annual procurement plans.

3.11. ENTEBBE REGIONAL REFERRAL HOSPITAL

3.11.1. Over payment of salary, pension and gratuity

Review of the payroll registers (IPPS) and IFMS payments revealed an over payment of UGX. 1,594,870 in respect of pension.

management explained that this was payment was an error in the computation of the length of service. The Accounting Officer promised to carry-out further analysis and recover the overpaid amount

The committee observed that that the above was caused by failure to prepare monthly reconciliations, thus creating financial loss to government. Overpayments imply laxity in the payroll management system.

The committee recommends that the Accounting Officer should ensure that monthly reconciliations are prepared to eliminate reoccurrence of errors.

The committee further recommends that recovery of these funds should be recovered from the officer and Accounting Officer should verify pension payments properly before approval to avoid over payments

3.11.2. Under payment of pension and gratuity

Audit revealed that the payroll registers (IPPS) and IFMS payments revealed an under payment of UGX. 74,926,837 in respect of pension and gratuity.

The Accounting Officer explained that management had written to MoFPED requesting for supplementary funds for gratuity, however, no funds were released in that regard. In addition, the Accounting Officer explained that MoFPED in their letter Ref. HRM 155/222 02 had forwarded the hospital's gratuity request to Ministry of Public Service for review.

The Committee observed that Underpayment of pensioners implies that the Accounting Officer did not take the computation of the pensioner's payments seriously.

The Committee reiterates its position that it is wrong to use supplementary funding for foreseeable expenditures like wage, pension, gratuity which should be in the annual budget.

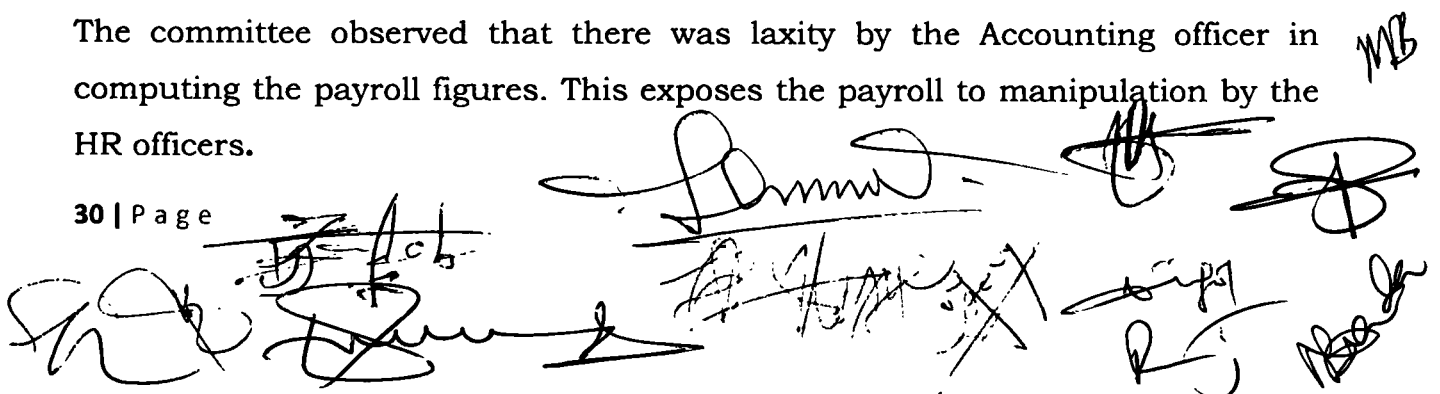
The committee recommends that the Accounting Officer should liaise with the MoPs to have the gratuity and pension arrears paid

3.11.3. Inaccurate computation of pension and gratuity

Through a re-computation of gratuity benefits, audit noted that the Hospital had wrongly computed the gratuity benefits of 8 pensioners who were paid gratuity during the year resulting into an understatement and overstatement of UGX. 14,291,376 and UGX. 24,504,532 respectively.

Misstatement of Pension/Gratuity led to under payments of pensioners thus affecting their livelihood. The Accounting Officer acknowledged the observation and undertook to carry-out further analysis and take appropriate actions.

The committee observed that there was laxity by the Accounting officer in computing the payroll figures. This exposes the payroll to manipulation by the HR officers.

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'S. N. K.' followed by another signature. In the center, there is a large, stylized signature that looks like 'D. M. M.'. To the right of this, there are several other signatures and initials, including one that looks like 'MB' in the top right corner and another that looks like 'R. J.' in the bottom right corner. The signatures are written in black ink on a white background.

The committee recommends that the Accounting Officer should ensure that verification is done properly before approval of the payrolls.

The Accounting Officer should recover the overstated gratuity of UGX.24m from the HR officers

3.11.4. Under remittance of deductions

Audit revealed that the deductions in the IPPS payroll registers with the remittances/payments in the IFMS details XML payment file and noted an under remittance amounting to UGX. 9,607,206.

The Accounting Officer informed the committee that when the matter was brought to his attention by the auditors, he promised to take appropriate action. The Committee received no evidence of remedial action.

The committee observed that Under remittance creates obligations to the entity that could result into fines and penalties. Under remittance also creates avenues for siphoning funds through creation of fictitious suppliers/ beneficiaries in the system.

The committee recommends that the Accounting Officer should ensure that amounts remitted are reconciled with deductions on the IPPS.

The committee also recommends that the Accounting Officer should ensure that amounts worth UGX. 9,607,206 is remitted within 6months of adoption of this report.

3.11.5. Failure to maintain an up to date staff list

Audit established that the entity did not maintain an up-date the staff list that included all new staff and excluded all staff leavers.

The Accounting officer informed the committee that the staff lists have since been updated. The Committee observed that failure to update staff list may lead to financial irregularities on the payroll and payment of non-existent workers.

The committee recommends that Accounting Officers should take full

A collection of handwritten signatures and initials in black ink, located at the bottom of the page. The signatures are varied in style, with some appearing to be full names and others being initials or abbreviations. They are scattered across the bottom third of the page, overlapping slightly.

responsibility of updating an updated staff list regularly.

3.11.6. Management of essential medicines and Health supplies

Entebbe Regional Referral Hospital (RHH) had a total budget allocation of UGX. 1,036,173,022 for drugs and related supplies for the financial year 2021/2022. By the close of the financial year. UGX. 411,082,167 was spent leading to an unspent balance of UGX. 625,090,855.

The Accounting Officer attributed the under absorption to the closure of the hospital to patient services and concentration on treatment of Covid-19 patients for 2 years after it was gazetted as the National Isolation Centre for the COVID – 19 treatment facility. The Committee found this explanation satisfactory.

The committee recommends that the Accounting Officer should follow up on the unutilized funds to ensure that they constitute part of the allocations for the current financial year.

3.11.7. Procurement outside the procurement plan worth UGX.

267,725,480

Section 58 (7) of the Act provides that procurement shall not be carried out outside the procurement plan except in cases of emergencies.

The Auditor General noted that management had carried out procurements amounting to UGX.267,725,480 outside the procurement plan as detailed in the table below.

SN.	Procurement No.	Details	Contract price (UGX)	Audit remarks
1.	ERRH/WKS/21-22/00014	Ground installation of heavy-duty space optimizers at the hospital	128,674,280	Not included in the procurement plan
2.	ERRH/WKS/21-22/00011	Remodeling of hospital stores	139,051,200	Not included in the procurement plan
	Total		267,725,480	

The purchase of items not on the procurement plan may lead to the diversion of funds meant for planned activities.

The bottom of the page contains several handwritten signatures and initials. A large signature, possibly 'James', is written across the top of this section. Below it, there are several other signatures, some of which are crossed out with a large 'X'. To the right, the initials 'MB' are written. At the bottom right, there is a signature that looks like 'R.T.' and another that looks like 'S.P.'.

The Accounting Officer explained that the procurements in question had been merged with other items in the hospital work plan and the consolidated procurement plan for purposes of efficiency in the procurement process.

The committee observed that procurements of items not on the procurement plan may lead to the diversion of funds meant for other planned activities.

The committee recommends that the Accounting Officer should ensure that the activities are disaggregated and properly quantified in the approved budgets, annual work plan, and consolidated procurement work plan.

3.11.8. Preparation of risk management and mitigation plans

Audit established that the hospital did not maintain a detailed risk register for all risks that may affect the implementation of activities as detailed in the approved work plans and budgets. As such, there were no strategies and officers responsible to mitigate the occurrence of such risks or to minimize the impact in the event that these risks materialized.

The Accounting Officer explained that the Hospital management had tasked the Internal Auditor to spear head the formation of the risk management committee that will come up with a risk management register.

The committee observed failure to maintain risk registers implies that the entity does not have a mitigation or response strategy to risks that may affect the achievement of planned activities.

The committee recommends that the Accounting Officer should ensure that risk management committee is put in place to come up with the hospital risk register.

The bottom of the page contains several handwritten signatures and initials. At the top center is a large signature that appears to be 'D. M. M.'. Below it is a signature that looks like 'M. B. M. B.'. To the right of these is a signature that appears to be 'M. B. M. B.'. At the bottom left is a signature that appears to be 'M. B. M. B.'. In the center bottom is a signature that appears to be 'M. B. M. B.'. At the bottom right is a signature that appears to be 'M. B. M. B.'.

3.12. CHINA- UGANDA NAGURU HOSPITAL

3.12.1. Management of Public Land

Audit established that prior to the scoped period 2018/19 – 2021/22 in 2014 the Hospital acquired a piece of land on Block 230, Plot 2099 measuring approximately 0.0380ha in Kireka for the purpose of constructing staff houses. The Hospital reportedly made payments of UGX.1Bn for the acquisition of the piece of land. However, a copy of the sales agreement was not availed for audit verification.

The Accounting Officer explained that the purchase agreement was made way back in 2013 and management took an initiative to retrieve the land title however more time was required to look for the seller of the land to so as to retrieve the agreement

The committee observed that in the absence of a source document in the form of a purchase agreement, management runs a risk of unscrupulous claims on the piece of land. In addition, the value of land recognized in the financial statements of UGX1bn cannot be verified. This implies laxity and lack of seriousness on the side of the Accounting officer(s) over the years.

The committee recommends that Accounting Officer should obtain the purchase agreement from the relevant authorities to ascertain the original purchase value.

Further, the AO should liaise with the Ministry of Lands to obtain the Title by way of a Vesting Order as prescribed under the Registration of Titles Act.

3.12.2. Maintenance of Land Register

Audit established that the two pieces of land measuring approximately 1.259ha were recorded in the entity's land register but the land inventory was incomplete due to non-valuation of the land at Naguru.

The Accounting Officer explained that updating of the land register was on-going

The bottom of the page contains several handwritten signatures and initials. On the left, there is a large, stylized signature. In the center, there are several smaller signatures and initials, some of which are crossed out with a large 'X'. On the right, there is a signature that appears to be 'Dennis' and another set of initials 'MB' with 'Bade' written below it. There are also some other illegible initials and marks scattered across the bottom.

The committee observed that incomplete recording of land in the land register affects the entity's ability to keep track and monitor all its land.

The Committee recommends that the Accounting Officer should engage KCCA to obtain the value of the land in Naguru and ensure that the land register is updated.

3.12.3. Failure to Transfer Land into the name and custody of ULC

Audit noted that management did not transfer all the two (2) land titles for land measuring approximately 1.259 hectares held, into the names and custody of the Uganda Land Commission (ULC).

The Accounting Officer promised that the process of transfer of the said land titles to Uganda Lands Commission will be expedited.

The committee observed that all government land is managed by ULC. Failure to transfer all government land into the custody of ULC is irregular and affects the Government's ability to manage and take stock of Public Land

The committee recommends that the Accounting Officer should ensure that the land are transferred into the name of ULC as required by Treasury Instructions.

3.12.4. Lack of Segregation of duties in the PDU

Although the Hospital's Procurement and Disposal Unit is supposed to have two (2) staff according to the approved staff establishment, Audit noted that there was only one (1) staff in post. As a result, the staff initiated procurements; issued, received and opened bids alone and attended all procurement evaluations and contracts committee proceedings.

The Accounting Officer promised to engage the Ministry of Finance and Economic Development for deployment of more procurement staff.

The committee observed that Lack of segregation of duties increases the risk of collusion, and favoritism of a particular supplier which compromises the

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'Sh. [unclear]'. In the center, there is a large, stylized signature. To the right of this, there is a signature that looks like 'J. [unclear]'. Further right, there are initials 'MB' and 'RG'. On the far right, there is a signature that appears to be 'Banda'.

principle of transparency in public procurements. It also leaves this single Officer overwhelmed and inefficient.

The committee recommends that the Accounting Officer puts in place internal controls in the PDU to mitigate likely risks of collusion as the Hospital continues liaising with MoFPED for additional procurement Staff.

3.12.5. Stock-Outs and Non-Delivery of Medicines and Medical Supplies

Audit established that there were Stock-outs in the hospital and management experienced delays in delivery of medicines and sundries to the hospital by National Medical Stores

The Accounting Officer explained that the stock management system was hampered by delays in delivering the right desired amounts in view of anticipated consumption estimates in tandem with the Hospital's requests.

The committee observed that stock outs erode patients' confidence in the public health care system, which compels them to seek inappropriate and expensive alternative health care services elsewhere. Long lead-time affects the effective delivery of health care services to the patients due to the shortages it creates.

The committee recommends that the Accounting Officer should ensure that orders for new stocks are promptly placed to maintain optimum stock levels and continue engaging National Medical Stores for enhancement of timely delivery of drugs and medical supplies to the Hospital..

3.12.6. Expired Drugs

Audit established that examination of end-of-year stock balances for essential medicines revealed that some of the drugs had expired. Furthermore, management did not provide the values of the expired drugs, they had no designated holding area hence they were kept together with consumable medicines in the limited space. Equally, management did not budget for the disposal of the expired drugs.

A collection of handwritten signatures and initials in black ink, including 'J. Munn', 'MB', and several other stylized signatures, located at the bottom of the page.

The Accounting Officer explained that withdrawal of expired stocks from stores to the holding zone had been done awaiting picking by National Medical Stores.

The committee observed that expiry of stocks leads to financial loss and poor service delivery to the public. Poor handling of expired drugs increases the risk of being mistakenly dispensed to unsuspecting patients or ending up on the open market. Delivery of short shelf life drugs to the hospital should be investigated. The taxpayer loses a lot of money in this kind of deliveries by NMS.

The committee recommends that the Accounting Officer should ensure that viable stock and expired stocks are isolated to avoid mix up at the time of dispensing and to immediately withdraw the expired drugs from the store to a designated holding area.

The committee further recommends that management should engage the NMS to supply drugs with a longer self-life to reduce expiry. This should be monitored right from procurement of the same by NMS

4.12. JINJA REFERRAL HOSPITAL

4.12.1. Under payment of salary, pension and gratuity

Audit revealed under payment of UGX. 22,130,445 in respect of pension and gratuity.

The Accounting Officer explained that the salary underpayments were due to interdiction, and challenges with bank details while the pension underpayments were due to non-validation of beneficiaries on the IPPS system and stringent deadlines for making corrections on the IPPS.

The committee observed that Under payments of salary affect staff morale and productivity which hinders service delivery. Underpayments of pension lead to accumulation of arrears, affects the livelihood of the pensioners/beneficiaries yet they are known before hand.

The bottom of the page contains several handwritten signatures and initials. From left to right, there is a signature that appears to be 'Sh. [unclear]', a large signature 'J. [unclear]', a signature 'Banda', the initials 'MB', and a signature 'R. [unclear]'.

The committee recommends that the Accounting Officer should ensure timely validation of all employees so as to minimize instances of dropping off the pension payroll when they retire in future.

4.12.2. Inaccurate computation of pension and gratuity

Audit established that Jinja RRH had wrongly computed the gratuity benefits of 06 pensioners who were paid gratuity during the year resulting into an overstatement of UGX. (15,917,110), Comparison of re-computed gratuity and actual gratuity paid revealed an over payment of UGX. 15,917,110 to 06 pensioners/beneficiaries. The hospital had also wrongly computed the pension benefits of 05 new pensioners (who were paid pension during the year) resulting into an overstatement of UGX. 172,855. In addition, audit noted an over payment of UGX. 1,466,274 to 04 pensioners/beneficiaries and an under payment of UGX. 4,413,861 to 02 pensioners/beneficiaries.

The Accounting Officer explained that this was caused by the design of the IPPS where manual entries and computations are made and also challenges in capturing length of service in months. Management acknowledged the issue, and committed to review the payments and reconcile in order to take corrective action.

The committee observed that overpayment resulted into a financial loss to Government while underpayment affected the livelihood of pensioners.

The committee recommends that the Accounting Officer should ensure that reconciliation of employee records in the IPPS with that on their personal files is done so as to come up with correct computations.

The committee further recommends recovery of the overpaid Pension benefits amounting to UGX 15,917,110; UGX 1,466,274 (for the year) and paid UGX 172,855 to the beneficiary within 6 months from the date of adoption of this report.

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'S. K.' and another that looks like 'S. K. S. K.'. In the center, there is a large, stylized signature that could be 'S. K. S. K.'. To the right of this, there is a signature that looks like 'S. K. S. K.'. Further right, there is a signature that looks like 'S. K. S. K.'. On the far right, there are initials 'MB' and a signature that looks like 'S. K. S. K.'.

4.12.3. Delayed access of newly recruited or transferred staff to the payroll

Audit noted that that 15 newly recruited/ transferred employees delayed to access payroll, with average delays of 81 days (12 weeks).

The Accounting Officer attributed this to delayed submission of the required documents for access on the payroll. This was also attributed to inconsistencies in NINs and TINs between IPPS and personal file data

The committee observed that delayed access to the payroll leads to demotivation of the affected staff and accumulation of salary arrears

The committee recommends that processing of TINs should be supported by the hospital's Information Technology and Human Resources departments.

4.12.4. Delayed access to the pension payroll

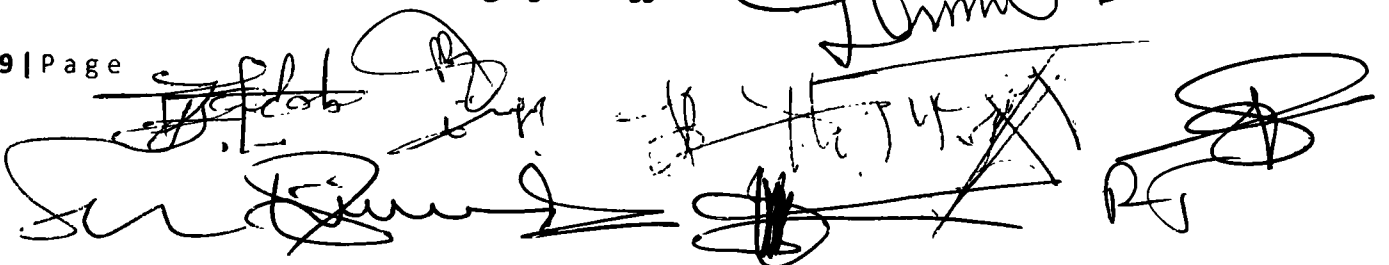
Audit observed that 03 new pensioners/beneficiaries delayed to access pension payroll, with average delays of 111 days (15 weeks).

The Accounting Officer attributed the anomaly to the errors in pensioners' data and delayed submission of documentation by retired staff which led to delayed initiation of pension payroll access processes.

The committee observed that delayed access to the Pension payroll leads to demotivation of the affected pensioners and accumulation of Pension arrears. The Committee is disappointed that people in retirement can be asked to provide such documents and yet Government continues to operate normally and could not sort all this before retirement of staff.

The committee recommends that all prospective pensioners should be communicated to early enough to prepare their full submissions in time to facilitate the processing of their retirement benefits.

Government should also migrate from manual files to digital to facilitates the smooth running of its affairs.

The bottom of the page contains several handwritten signatures and initials. On the left, there is a large, stylized signature. In the center, there are several smaller signatures and initials, including one that appears to be 'MB'. On the right, there is a signature that looks like 'RG' and another that is partially obscured. The handwriting is in black ink on a white background.

4.12.5. Delayed removal of staff from payroll

Audit noted that UGX. 3,790,460 was paid to 02 staff who had either retired, transferred, absconded or died with average delays of 1 month.

The Accounting Officer explained that it was because of the way the system was configured that made removal difficult.

The committee observed that delayed deletion of staff from payroll facilitates payments for services not rendered to the Hospital, results in loss of funds to the Government

The committee recommends that the Accounting Officer should effect recovery of the overpaid amount from two pensioners on mandatory retirement or make good the loss within 6months.

4.12.6. Deduction past the deduction end date

Audit observed that UGX. 1,282,001 relating to 03 employees was deducted past the end date. Deductions past the end date resulted into financial loss to the affected staff.

The Accounting Officer explained that this was attributed to weaknesses in monitoring loan end dates by PCA systems.

The committee also observed that the un-authorized loans deductions poses a risk of making deductions from staff that have no loans, which deprives them of their hard-earned funds.

The committee recommends that Management should liaise with the relevant authorities and make refunds to the affected staff.

4.12.7. Unrealistic loan end dates

Audit noted that unrealistic loan end dates for 29 employees ranging from 6 to 10 years. In the year under review, UGX. 73,560,513 had been deducted from these employees. The above end dates are unrealistic and cast doubt on the

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'SK'. In the center, there are multiple overlapping signatures, including one that looks like 'J. M. M.' and another that is more stylized. On the right, there is a signature that reads 'Bende MB' and another that is a large, bold 'R' or 'B'.

integrity of the PDMS system. This has led to continuous deductions from staff resulting into financial loss.

The Accounting Officer explained that there was a general challenge with management of loan deductions by PCA. The Accounting Officer had no control over such challenges.

The committee also observed that the Un-authorized loans deductions poses a risk of making deductions from staff that have no loans, which deprives them of their hard-earned funds.

The committee recommends that the Accounting Officer should be provided with a responsibility to code and decode and this will not be a challenge in future.

Government through MoPS should consider revisiting the MoU with UCLA/UBA with a view of streamlining the management of deductions

4.12.8. Computation and deduction of Local Service Tax (LST)

Audit established that the hospital had wrongly deducted the LST of 308 employees resulting into an overpayment of UGX. 1,455,000 and under payment of UGX6,765,000.

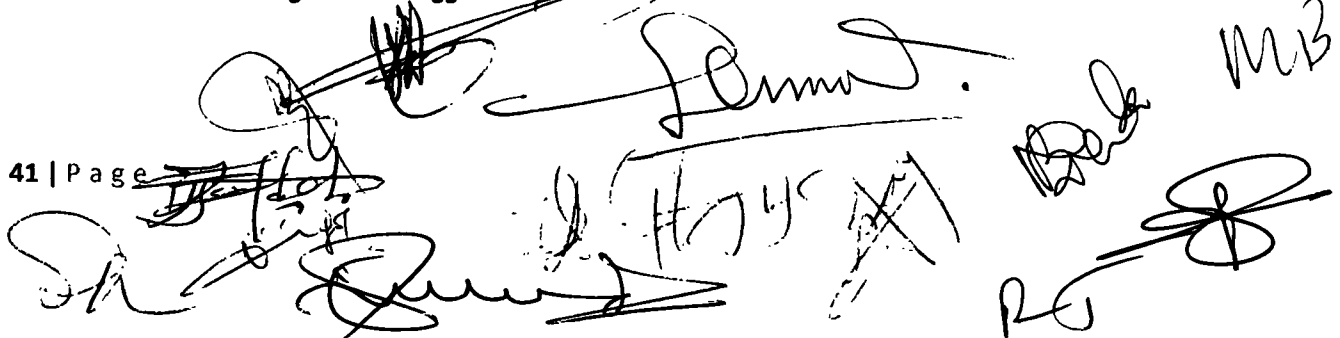
The Accounting Officer attributed the non-deduction to system automation challenges. He further explained that the wrong computation was an IPPS systems issue. Management has formally communicated to MoPS to draw their attention to the issues raised.

The committee observed that Inaccurate deduction of LST leads to financial loss to the District and its employees

The committee recommends that Government through MoPS should ensure that the HCMS accurately deducts LST from all employees in accordance with the relevant laws.

The committee further recommends that the Accounting Officer should make recoveries from staff whose LST was under deducted.

41 | Page

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'S.A.' and another that looks like 'B. H. H.'. In the center, there is a large, stylized signature that could be 'J. M. J.'. To the right of this, there are initials 'H. H. H.' and 'X'. Further right, there is a signature that looks like 'R. G.' and another that looks like 'M. B.'. There are also some other scribbles and marks.

4.12.9.Computation and deduction of Pay As You Earn (PAYE)

Audit revealed that the hospital had wrongly computed the PAYE of 320 employees resulting into an overpayment of UGX. 2,623,500 and under payment of UGX. 11,932,835. As a result, there was a financial loss to government.

The Accounting Officer explained that this was an IPPS systems issue. Communication had been made to Ministry of Public Service (MoPS) to ensure that the computations were corrected in the system and the hospital had adjusted the financial statements accordingly.

The committee observed that Inaccurate computation and deduction of PAYE leads to financial loss to government.

The committee recommends that Government through MoPS should ensure that the HCMS accurately deducts PAYE from all qualifying employees in accordance with the Income Tax Act.

The committee further recommends that the Accounting Officer should make recoveries from staff from whom less PAYE was deducted within 6months of adoption of this report.

4.12.9. Remittance of deductions (LST, PAYE, UNATU, UCLA

Audit noted that an under remittance amounting to UGX. 21,057,742 on statutory deductions was effected.

The Accounting Officer explained that for LST, Jinja City Southern division was set up late on the system under e-registration. For SALREC, the Accounting Officer promised to get in touch with accountant general to get a code through which remittances can be made.

The committee observed that Under remittance creates obligations to the entity that could result into fines and penalties. Under remittance also creates avenues

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'SLR'. In the center, there is a large, stylized signature that looks like 'J. M. M.'. To the right of this, there are several other signatures and initials, including one that looks like 'MB' and another that looks like 'PG'. There are also some crossed-out signatures and initials.

for siphoning funds through creation of fictitious suppliers/ beneficiaries in the system.

The Committee recommends that Management should ensure that the under remitted funds are budgeted for in the next FY 2023/2024 and remitted to the respective beneficiaries.

4.12.10. Inconsistencies between interface files and payroll registers

Audit established that there were a net variances of UGX. (12,684,721) between the payroll registers (IPPS file) with the IFMS interface files.

The Accounting Officer explained that this was due to system challenges. He further stated that management shall verify the payments stated and effect payments or recoveries. This, after a long time without taking action.

The committee observed that Inconsistencies between interface files and payroll registers create an opportunity for manipulation and misappropriation of salary/pension funds and could lead to over/under payments of salary/pension

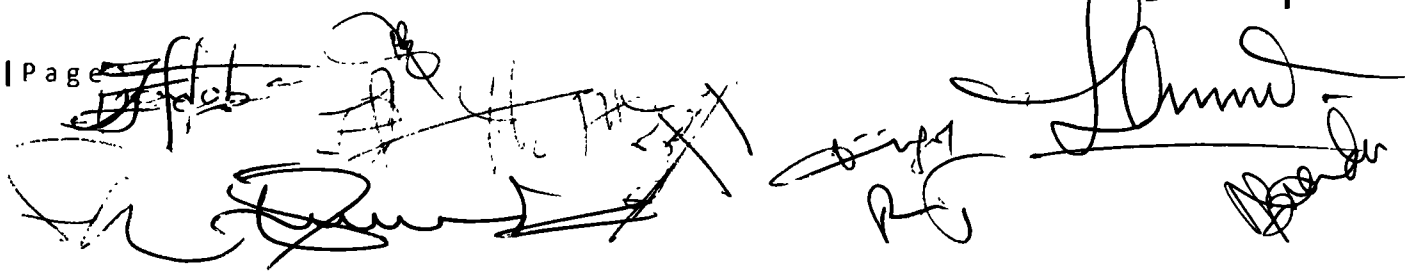
The committee recommends that the MoPS should ensure timely communication and resolution of any IPPS system challenges to minimize mismatches between the IPPS and Interface files data.

The committee further recommends that Government through MoPS should fast track the rollout and implementation of the Human Capital Management system.

4.12.11. Payments of salaries, pension & gratuity off the IPPS

Audit established that a comparison of the IPPS payroll register and IFMS payment file revealed that UGX. 328,826,285 was paid off the IPPS to 10 employees and 176 pensioners.

The Accounting Officer explained that this was due to a deficit in the pension budget which arose from increments that were awarded to pensioners to cater for inflation which was not initially provided for in the budget of the FY

The bottom of the page contains several handwritten signatures and initials. On the left, there is a large, stylized signature. In the center, there are several smaller signatures and initials, including one that appears to be 'MR'. On the right, there is a large, cursive signature, and below it, another signature. The initials 'MR' are written in the top right corner of this section.

The committee observed that Payments of salaries, pensions and gratuity off the IPPS create an opportunity for payment of ineligible staff and creation of non-existent staff/pensioners. This may facilitate fraud.

The committee recommends that the Accounting Officer should always request for a reallocation on the account codes with deficits in such circumstances so as to enable the entity process salary and pension payments through their respective IPPS registers.

The committee further recommends that Government through MoPS should fast track the rollout and implementation of the Human Capital Management system.

Audit noted that the relevant documents to support the creation of assignments on the IPPS payroll for 20 employees were not on their files.

The Accounting Officer explained that the application forms were submitted to and kept at the Health Service Commission and the entity only received appointment and deployment letters. Not even photocopies were available to the entity.

The committee observed that access to salary payroll by new staff without all key documents may hinder accountability, quality assurance where eligibility of staff on the payroll is not supported and possibility of impersonation arising from non-functioning.

The committee recommends that the Accounting officer should write to HSC to avail the hospital with copies of the minutes and application forms. The same should be availed to the Auditor General for verification and a report availed to Parliament within 3months

4.12.12. Failure to carry out drug reconciliations -Poor record keeping

Audit noted that the private wing pharmacy lacked stock cards to show drugs received, drugs issued out and the balance at hand on any particular day, there were no monthly, quarterly or annual drugs and medical supplies reconciliation

records in place. Inquiries further revealed that the hospital had an auto clinic system that was supposed to help with daily reconciliations, however, this had been off for more than 5 months during the year and therefore was not up-to-date.

The Accounting Officer explained that this was due to the breakdown of Auto clinic system that was being used to do issuing and reconciliations of pharmacy stock. He further indicated that Plans were underway to repair the system.

The committee observed that failure to carry out reconciliations indicated weaknesses in the controls over the recording in the private wing pharmacy which may lead to pilferage, over stocking or stock outs of essential drugs and issuing of expired medicines to patients which compromises patients' safety.

The committee recommends that the Accounting Officer should devise strategies of ensuring effective periodic reconciliation of drugs in the pharmacy, and also ensure periodic stock take of the drugs and medical supplies in the private wing pharmacy

4.12.13. Lack of Technical Personnel in the Pharmacy

Audit Inquiries revealed that the personnel working in the private pharmacy currently do not have the requisite technical knowledge to enable smooth operations. There was no evidence to show that these employees received training to equip them with the basic knowledge for running the operations of the pharmacy.

The Accounting Officer explained that clearance was obtained from Ministry of Public service and Health service commission to recruit key staff on replacement basis and that among the key posts submitted included a pharmacist who will man private wing pharmacy

The committee observed that the pharmacist has, however, not been recruited to date. Lack of technical personnel to dispense drugs puts the patients' health at risk due to poor management of operations and lack of proper guidance. Record management is also compromised.

A collection of handwritten signatures and initials in black ink, including a large signature on the left, a signature in the center, and initials 'RS' and 'MS' on the right.

The committee recommends that the recruitment of the pharmacist should be expedited and concluded in any case, not later than 6months from the date of adoption of this report.

4.12.14. Lack of an approved fees structure

Auditor General established that there was no approved fees structure to guide in charging of patients. There was no evidence of fees being made public through notice boards and other strategic locations.

The Accounting Officer acknowledged the observation and explained that the existing price list was not up-to-date, although no copy was availed. He further stated that management had constituted a private wing committee and among the terms of reference for the committee was to review and display the price list

The committee observed that Lack of an approved fees structure may lead to “under the table” payments which exploits patients

The Accounting Officer should ensure that there is an approved fees to guide in charging of patients. This should be uniform across all the Government facilities in the country and should be displayed at the Pharmacy.

4.12.15. Handling of Expired Medicines

An inspection of the store revealed that various drugs that had expired during the year had not yet been removed from the shelves as required by standard operating procedures in store management.

The Accounting Officer explained that space had been designated in store for keeping expired medicines from which they are shifted to pharmacy for quantification and shipment by NMS for disposal.

The committee observed that failure to isolate expired drugs exposes a potential threat to the lives of patients as these expired medicines could be put on the market by unscrupulous individuals.

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'S. A. B.' and another below it. In the center, there is a large, stylized signature that is partially crossed out with a large 'X'. To the right of this, there is a signature that looks like 'D. M. M.' and another below it that looks like 'R. G.'. On the far right, there is a signature that looks like 'M. B.' and another below it that looks like 'B. B.'.

The committee recommends that management should ensure that expired medicines are removed from the shelves to eliminate potential threat to the lives of patients.

4.12.16. Failure to update stock cards

Inspection of a sample of stock cards revealed that they had not been updated. For example, they lacked quantities in, and balances of items in stock. The Accounting Officer attributed this to under staffing in the stores. He stated that steps had been taken to assign 2 other staff to the stores and also requested more staff to be deployed to stores by the PS/ST.

The committee observed failure to regularly update stock cards could lead to theft or misuse of medicines and health supplies.

The Committee recommends that the Accounting Officer should scale up support management supervision of the stores to ensure that such lapses in in procedures are addressed immediately.

4.12.17. Failure to maintain a stock book

Part 5 of Medicines and Health Supplies Manual, 2012 requires that a stock book should be filled in on the same date every month after carrying out a physical count of the items. A stock book tells how much has been used, how much has been ordered, and when and how much needs to be ordered and makes it easier to calculate the adjusted average monthly consumption. Audit noted that management did not maintain a stock book

The Accounting Officer acknowledged the anomaly and stated that the hospital was now maintaining a stock book which was up-to-date although no copy was availed.

The committee observed that failure to maintain stock books is potentially detrimental to the life of patients who need these drugs. It also facilitates accountability for drugs and transparency in drug management.

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'J. J. J.' and another signature below it. In the center, there is a large, stylized signature that looks like 'J. J. J.' and another signature below it. On the right, there is a signature that looks like 'J. J. J.' and another signature below it. There are also some initials and marks scattered around the signatures.

The committee recommends that all hospitals should maintain and regularly update a stock book to keep track of stock movement.

4.12.18. Failure to dispose of assets

Audit noted that a number of assets that were identified by the Board of Survey Report in 2021 for disposal had not been disposed off by the time of audit

The Accounting Officer explained that the board of survey report of 2021 did not attach values to assets for disposal, therefore, hospital management appointed an adhoc Board of Survey Committee which co-opted members from Ministries of Lands and Works. He further explained that the committee did a physical inspection and so, the hospital was waiting for the valuation report from the ministries of lands and Works to complete the disposal process

The committee observed that non-disposal of assets recommended for disposal results in further deterioration of their condition through wear and tear, exposing government to more loss of revenue.

The committee recommends that the Accounting Officer should follow up the valuation report from the assigned Board of Survey Committee and dispose urgently.

5.12. KABALE REGIONAL REFERRAL HOSPITAL

5.12.1. Delayed access to the pension payroll

Audit established that 3 beneficiaries of the deceased had not accessed the pension payroll, with delays ranging from 6 to 18 months. Failure to access pension payroll affects pensioners' livelihood and frustrates them and others die disillusioned, in addition to demotivating serving staff.

The Accounting Officer attributed this to delayed submission of letters of administration and failure by the family members to appoint the administrator to claim the benefits.

The bottom of the page contains several handwritten signatures and initials. On the right side, there are initials 'MB' and a signature that appears to be 'D. M. M.'. In the center, there is a large, stylized signature. On the left, there are several other signatures and initials, including one that looks like 'R. M. M.' and another that looks like 'R. M. M.'. The signatures are written in black ink and are somewhat messy and overlapping.

The committee observed that paragraph 5.1.2 of establishment notice no. 3 of 2019 provides that pensioners' retirement benefits are authorized 5 days after retirement for payment. Why should Government wait for a person to die before receiving their benefits for which they are entitled?

The committee reiterates its previous recommendations that the Accounting Officer should ensure that Human Resource staffs support new pensioners/beneficiaries in starting the process six months before the retirement date and Management should also follow up with the families of the deceased for support on the process of claiming benefits.

5.12.2. Deduction past the deduction end date and Unrealistic loan end dates

Audit observed that UGX. 4,586,671 relating to 6 employees was deducted by Uganda Consumer Lenders' Association/ Uganda Bankers Association (UCLA/UBA) contracted Payroll Consults Africa (PCA) to manage employee deductions on their behalf using the Payroll Deduction Management System UCLA/UBA past the end date. Deductions past the end date result into financial loss to the affected staff.

Audit also noted that unrealistic loan end dates for 5 employees for a period of 9 years each in the year under review, UGX. 1,150,488 had been deducted from these employees

The Accounting Officer explained that management had suspended new payroll coded loans temporarily and staff have been informed. the management also wrote to the Solicitor General seeking guidance on the coded loans and are awaiting response.

The committee observed that the above end dates are unrealistic and cast doubt on the integrity of the PDMS system. This has led to continuous deductions from staff resulting into financial loss to them.

The committee recommends that Government through MoPS should consider revisiting the MoU with UCLA/UBA with a view of streamlining the management of deductions.

Where loss has been established, recovery should be made to staff within 3 months of adoption of this report.

5.12.2. Computation and deduction of Local Service Tax (LST)

Analysis of the IPPS register and re-computation of LST revealed the Hospital had wrongly deducted the LST of 12 employees resulting under deduction of UGX. 257,500. A soft copy of 12 transactions was submitted to the Accounting Officer.

The Accounting Officer explained that they had no control over this issue since the calculation of the local service tax was meant to be automated in the IPPS system

The committee observed that Inaccurate deduction of LST leads to financial loss to the Hospital and its employees.

The committee recommends that Government through MoPS should ensure that the HCMS accurately deducts LST from all employees in accordance with the relevant laws and also make recoveries from staff from whom less LST was deducted

5.12.3. Inconsistencies between interface files and payroll registers

Audit observed that there were variances of UGX. 4,068,109 between the payroll registers (IPPS file) with the IFMS interface files. This creates an opportunity for manipulation and misappropriation of salary funds and could also lead to over/under payments of salary.

The Accounting Officer explained that the hospital had no control over the issue, since IPPS system is managed and controlled by MoPS. The Accounting Officer further stated that the rollout of the Human Capital Management System (HCMS) by MoPS may resolve the challenges

The committee recommends that Government through MoPS should fast track the rollout and implementation of the Human Capital Management system.

5.12.4. Absorption of funds

The committee observed that Out of the total receipts for the financial year of UGX. 9,692,089,100, UGX. 9,644,150,861 (99.5%) was spent by the entity resulting in no unspent balance UGX. 47,938,239 (0.5%).

The committee observed that the funds that were not absorbed were meant for the acquisition of medical drugs for the private wing, payment of hotel services for USAID meetings and repairing the motor vehicle.

The Committee observes that the practice by MoFPED is rampant and ought to stop. It causes budgetary distortions which is unnecessary.

The committee recommends that the Accounting Officer should engage the MoFPED and ensure that funding is re-voted and payments are made to the respective beneficiaries to enable implementation of the planned activities.

5.12.5. Off budget Financing

Audit noted that the Hospital received off-budget financing of UGX. 1,953,693,454 which was not appropriated to the entity by Parliament. These funds were received directly from development partners and the Ministry of Health for undertaking activities not budgeted for.

The Accounting Officer explained that these funds were meant for intern doctors, nurses, pharmacists, senior house officers and for HIV activities. The accounting Officer also explained that Management has been engaging the development partners to have their funds pass via the PBS and IFMS and implementation letter of Government to Government (G2G) was signed on 1st October, 2022. This will stop off budget financing.

A collection of handwritten signatures and initials in black ink, located at the bottom of the page. The signatures are of various styles, some appearing to be official or formal, while others are more casual or abbreviated. They are scattered across the bottom third of the page, overlapping slightly.

The committee observed that Section 43 (1) of the PFMA 2015 states that all expenditure incurred by the Government on externally financed projects in a financial year shall be appropriated by parliament. Undeclared off-budget financing distorts planning and may result in implementation of duplicated activities earlier budgeted. It is the duty of the AO to declare the same where the funders have not channeled it through the PBS/IFMS to avoid duplication of funding.

The committee recommends that the Accounting Officer should ensure that all funds received outside the approved budget are declared and the respective supplementary budgets issued by MoFPED.

5.12.6. Obsolete/unserviceable Medical equipment

Audit noted that in the Hospitals Board of survey report for the year, there were a number of essential equipment which was obsolete and unserviceable but was still kept in stores.

The Accounting Officer explained that this was due to inadequate funding from the Ministry to have them replaced and disposed as recommended by the Board of survey report.

The committee observed that Continued storage of obsolete/unserviceable equipment increases deterioration overtime and further loss of value.

The committee recommends that the Accounting Officer should engage relevant Ministries to ensure that funds are availed to enable equipment repair or replacement to enhance service delivery.

6.12. MULAGO SPECIALIZED WOMEN AND NEONATAL HOSPITAL.

6.12.1. Revenue Performance

Audit noted that the NTR estimates, revenue sources and rates charged at vote level for the financial year 2021/22 and noted that the entity budgeted to collect NTR of UGX.7Bn during the year under review. Out of this, only UGX.3.97Bn was collected, representing a performance of 57% of the target.

The Accounting Officer explained that the NTR target could not be realised due to the COVID-19 pandemic as two floors of the hospital for VIP and VVIP inpatients were surrendered to MoH to cater for Covid-19 patients. The Committee found this explanation plausible and acceptable.

The committee also observed that the entity budgeted for ugx 7, 000,000,000 and collected 3,484,207,045. Under collection of revenue may lead to failure to implement planned activities which negatively impacts on service delivery

The committee observed that the NTR transfers made to the treasury was ugx 3,484,207,045 and yet the actual receipts of NTR were ugx 3,974,766,314. This left ugx.490,559,269 unaccounted for.

The committee recommends that the Accounting Officer should ensure that the budgeting system is strengthened so as to provide for realistic estimates of the projected revenues.

6.12.2. Performance of GoU receipts

According to the approved budget, the entity was supposed to receive UGX.25.88Bn out of which UGX.25.34Bn was warranted, resulting into a shortfall of UGX.0.54Bn. The shortfall represents 2.1% of the approved budget. The funds that were not warranted were meant for the implementation of the following activities which were never implemented such as: Payment of pension and gratuity for retired staff and Purchase of medical equipment.

The Accounting Officer explained that management did engage MoFPED to release all funds as planned and to grant the entity supplementary funding for the increased wage bill.

The committee observed that revenue shortfall of GOU receipts results in non-implementation of planned activities which negatively impacts on service delivery.

The committee recommends that the Accounting Officer should liaise with MOFPED to ensure that GOU funds are released as planned and where that

is not possible, bring a report to Parliament on a quarterly basis of the funds released and deficit if any for further scrutiny.

6.12.3. Utilization of Warrants

Out of the total warrants of UGX.25.34Bn received during the financial year, UGX.24.96Bn was spent by the entity resulting in an unspent balance of UGX.0.38Bn representing an absorption level of 98.5%. The unspent funds were swept back to the consolidated fund as required by the PFMA.

The committee observed that underutilization of released funds translates into under-performance which results into non-implementation of planned activities which subsequently affects the achievement of the overall objective of the entity
The committee recommends that the Accounting Officer should ensure that all planned interventions are undertaken timely so as to absorb the funds.

6.12.4. Implementation of outputs and activities

Audit established that the implementation of a sample of four (4) outputs that had been fully quantified with a total of six (6) activities worth UGX.4.59Bn and noted that; Three (3) outputs with four (4) activities and expenditure worth UGX.3.99Bn were fully implemented. One (1) output with two (2) activities worth UGX.0.6Bn had one (1) activity that was fully implemented while one (1) activity was partially implemented. Non-implementation of planned activities implies that the expected services were not attained. For example, the hospital purchased one pickup instead of two that were planned despite having received the required funds

The Accounting Officer undertook to ensure that outputs and activities are implemented as planned

The committee however observed that the pickups and an ambulance that the entity claims to have purchased could not be verified or ascertained in the financial statements i.e statement of stores and other assets.

The committee also observed that the entity opened letters of credit worth Ugx 4,070,701,980 however in statement of stores and other assets, the total value of physical assets acquired was ugx 417,865,390, and yet the amount of consumption of property, plant and other equipment's was ugx 3,498,982,449. This implies that the letters of credit opened should have been ugx. 3,498,982,449 less of ugx. 417,865,390 which would equal to ugx. 3,081,117,059. This shows that there were mischarges.

The committee recommends that a forensic audit should be carried out with a view of establishing the truth

If found culpable, the Accounting officer should be held responsible for over statement of funds required while opening of letters of credit. The value of letters of credit should be adequately supported by source documents prior approval.

The committee also recommends that the Accounting Officer should ensure that activities and outputs are implemented as planned

6.12.5. Diversion/Mischarges

Audit noted that funds to the tune of **UGX. 1,291,223,981** were irregularly diverted from the activities on which they were budgeted and spent on other activities without seeking and obtaining the necessary approvals. However, the Accounting Officer sought authority from PS/ST to change the work plan to a tune of UGX.1,188,655,140 for procurement of a CT Scan leaving UGX.102,568,841 as mischarges.

Management explained that PS/ST authorized changes in the Hospital work plan and activities to acquire a CT scan that matches the nature of our specialized services. Installation and commissioning of the CT scan required civil works modification, IT, training and Atomic Energy Council consultation services. Furthermore, imprest initially, is charged on any non-wage recurrent items and later replenished from items on which it was spent

The bottom of the page contains several handwritten signatures and initials. On the left, there is a large, stylized signature. In the center, there are several smaller signatures, some of which are crossed out with a large 'X'. On the right, there is a signature that appears to be 'Dennis' and another that looks like 'MB'. There are also some initials and scribbles scattered around these signatures.

The committee observed The PS/ST allowed change of workplan which prompted a mischarge since no additional funds were availed on the depleted expenditure items.

The committee further observed that, Diversion of funds is not only contrary to the Public Finance and Management Act, but it negatively affects the delivery of services and negates the purpose of budgeting. Misclassification of funds is diversion of funds and Diversion of funds is a Mischarge of funds.

The committee recommends that the Accounting Officer should ensure that all approvals of expenditure are in line with the approved budget for the period and where need arises, seek approvals in change of work plans before funds are spent on items for which they were not budgeted for.

The PS/ST should grant mischarge authority with caution and strict adherence to the PFMA, otherwise this maybe used to alter the budget as approved by Parliament.

6.12.6. Un - discharged Tax Obligation

A review of underlying financial records showed that UGX. 785,971,835 was deducted as PAYE but there was no evidence of remittance to the tax authority.

The Accounting Officer explained that this resulted from failure by Ministry of Finance, Planning and Economic Development to give the entity supplementary wage funding for the increased wage bill resulting from the lunch enhancement allowance for health workers.

The committee observed that failure to remit the deducted PAYE to URA may result into penalties and fines to the Hospital imposed by the tax body and is contrary to Section 123(1) of the Income Tax Act, 1997 as amended

The committee recommends that the Accounting Officer should ensure that the unremitted PAYE is remitted to avert possible penalties and fines by the tax body.

The committee also recommends that the Accounting Officer should be held responsible for the failure to effectively budget for the PAYE tax

The bottom of the page contains several handwritten signatures and initials. On the right side, there is a signature that appears to be 'P. Banda'. Below it, there are several other signatures, some of which are crossed out or written over. On the left side, there are initials that look like 'MB' and 'ST'. The signatures are written in black ink on a white background.

obligation (which is part of the employee salaries) at the time of budgeting for the salaries/ wages, including lunch allowance.

6.12.7. Non Remittance of Local Service Tax Deductions

Audit observed that the Hospital deducted a total of UGX. 57,495,264 from staff salaries as Local Service Tax (LST) but did not remit the same to the respective local governments.

The Accounting Officer explained that this resulted from failure by Ministry of Finance, Planning and Economic Development to give the entity supplementary wage funding to cater for the increased wage bill resulting from the lunch enhancement allowance for health workers, yet the same was critical.

The committee observed that Non remittance of LST negatively affects service delivery by the beneficiary Local Governments and could result into fines and penalty

The committee recommends that the Accounting Officer should ensure that deducted LST is remitted to respective beneficiary local governments

6.12.8. Absorption of Wage, Pension and Gratuity Funds

Audit observed that Out of the total receipts for the financial year of UGX. 11,059,648,812; UGX. 11,009,275,358 was spent by the entity resulting in an unspent balance of UGX. 50,373,454

The Accounting Officer explained that the unspent funds of UGX. 50,373,454 were for pension. It was further explained that this was due to delays in submission of documents like letters of administration, opening of estate accounts, supplier numbers or beneficiaries.

The committee observed that Non-payment of pension leads to accumulation of arrears and affects the livelihood of the pensioners

The committee further observed an over payment of pension on note 12 (ugx 329,968,578) compared to the actual of Ugx 266,7338,271

The bottom of the page contains several handwritten signatures and initials. On the left, there is a large signature that appears to be 'Dummu'. To its right are several smaller initials, including 'PB', 'R', and 'MB'. Further right is a signature that looks like 'B'. At the bottom right, there is a large, stylized signature that appears to be 'B'. The initials 'MB' are also written vertically on the right side of the page.

The committee recommends that the Accounting officer should be held responsible for poor planning and non-absorption of the planned Wage, Pension and Gratuity Funds.

The committee further recommends that the Accounting Officer should always ensure that pensioners are informed promptly about the validation exercise to enable them attend. In addition, validation of the pensioners should be fast tracked and payment of their arrears prioritized in the hospital budget

6.12.9. Disposal and Decommissioning of ICT Assets

Audit observed that seventy-one (71) IT equipment that had exceeded the useful life and recommended for decommissioning by the board of survey were not disposed of.

The Accounting Officer explained that the hospital will consider disposing of IT assets whose useful life have been exhausted in a phased manner.

The committee observed that Delayed disposal of IT assets leads to further diminution in value and loss to government, and is a risk to authenticity of diagnosis.

The committee recommends that the Accounting Officer should disposing off the IT assets in accordance with the Board of survey recommendations

6.12.10. Un-ventilated Stores

Audit observed that the fridges that store cold chain medicines are housed in a non-ventilated room thereby retaining the heat emitted from them. In addition, the items in the fridges are mixed up for both specialized medicines and NMS and as such distinguishing them becomes a challenge since some deliveries by NMS are not labelled. This compromises transparency and accountability.,

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'Sumit'. To its right, there are various initials and signatures, including 'RJS', 'DB', and a large signature that looks like 'J. J. J.'. There are also some scribbles and other marks scattered across the bottom right area.

The Accounting Officer explained that the Hospital will engage with Ministry of Works to come up with BOQs that meet NDA guidelines for storage of drugs and medical supplies and then engage MoFPED for funding to do the necessary structural modifications.

The committee observed that Poor ventilation of drug storage space may lead to alteration of the chemical composition of drugs making them hazardous for human consumption before their expiration dates. In addition, the fridge lifespan is shortened

The committee recommends that the Accounting Officer should fast track engaging the Hospital engineers to modify and provide the hospital stores with ventilation systems as per the NDA standards.

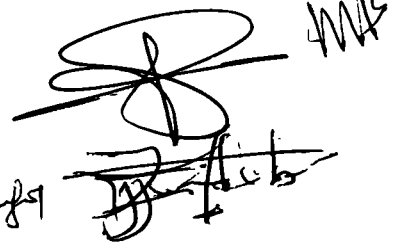
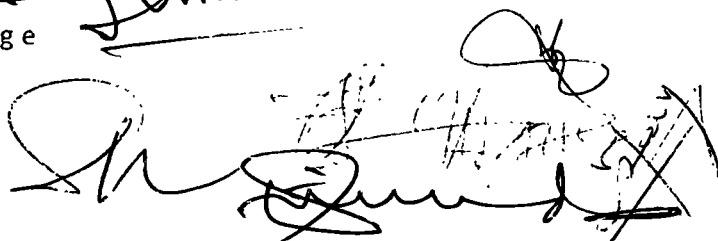
7.12. HOIMA REGIONAL REFERRAL HOSPITAL

7.12.1. Under absorption of wage, pension and gratuity

Audit established that Out of the total receipts for the financial year of UGX. 7,354,467, 299, UGX. 7,141,440,796 was spent by the entity resulting in an unspent balance of UGX. 213,026,503, representing an under absorption level of 3%

The Accounting Officer explained that under-absorption of salaries was caused by the failure to recruit some staff as well as transfers of staff that were not replaced. Furthermore, the Accounting Officer explained that the delay in submission of key documentation by pensioners to access the payroll left some of the amounts released for pension un-utilised.

The committee observed that underutilization deprives other entities from getting funds and also negatively affected the livelihood of pensioners due to non-payment of their pensions.



The committee recommends that the Accounting Officer should ensure timely recruitment of staff. The Human Resource department of the Hospital should ensure that pensioners submit key documentation early for access of pension benefits on a timely manner

7.12.2. Over payment of salary

Audit established that the payroll registers (IPPS) and IFMS payments revealed an over payment of UGX. 1,273,933 in respect of salaries

The Accounting Officer explained that these overpayments of salaries were erroneously made and promised to recover the funds from the respective employees

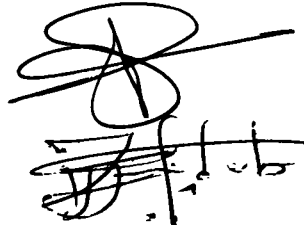
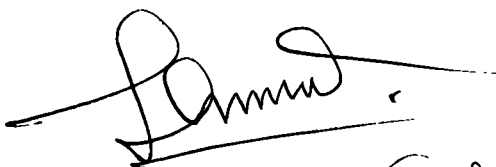
The committee observed that the above was caused by failure to prepare monthly reconciliations, thus creating financial loss to government.

The committee recommends that the Accounting Officer should ensure that monthly reconciliations are prepared by the HR department to eliminate reoccurrence of errors. In the meantime, recoveries should be made with immediate effect.

7.12.3. Under payment of pension and gratuity

Audit established that the payroll registers (IPPS) and IFMS payments revealed an under payment of UGX. 74,926,837 in respect of pension and gratuity.

The Accounting Officer explained that underpayments of pension were due to failure by pensioners to report missed payments of pension and that some of the affected pensioners erroneously appeared on the payroll of the vote they did not belong to and as a result they were not paid. The Accounting Officer also attributed this to allocation of insufficient gratuity funds by Ministry of Finance and Economic Development



The committee observed that underfunding was mainly caused by Medium Term Expenditure Framework (MTEF) ceilings communicated by MoFPED therefore, the under payment of pension affected livelihood of pensioners/beneficiaries.

The committee recommends that the Accounting Officer should inform pensioners to report missed pension payments timely so that they can be paid promptly.

The committee also recommends that Government should consider paying pension and gratuity obligations as a statutory charge without subjecting it to budget ceilings.

7.12.4. Inaccurate computation of pension and gratuity

Audit noted that the Hospital had wrongly computed the gratuity benefits of 2 pensioners resulting into an underpayment of UGX. 1,188,988 and pension benefits of 2 new beneficiaries resulting into an underpayment of UGX. 13,211.

The Accounting Officer responded that the Gratuity/Pension amount provided by the benefits calculation report was automatically computed by IPPS and payment was done based on the benefits computation report.

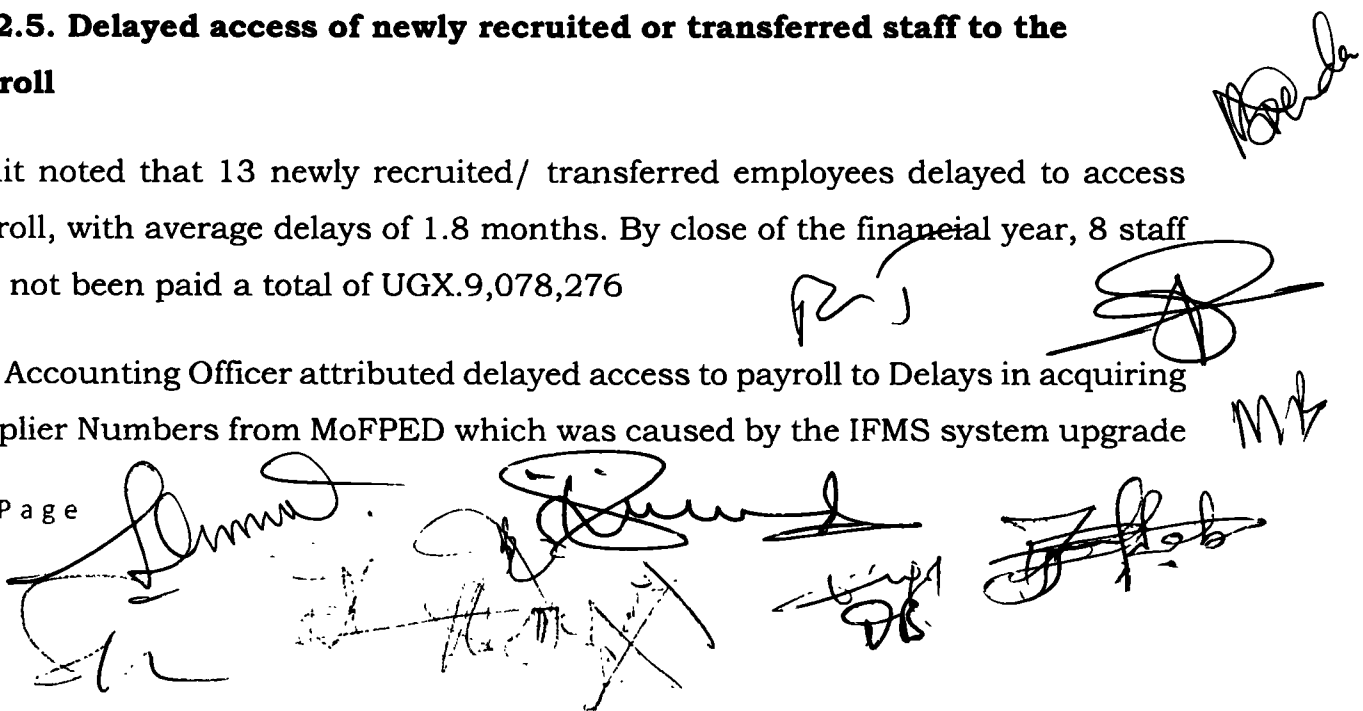
The committee observed that under payment affects their livelihood of pensioners.

The committee recommends that the accounting Officer should make budget provision for payment of Outstanding Gratuity in the next financial year.

7.12.5. Delayed access of newly recruited or transferred staff to the payroll

Audit noted that 13 newly recruited/ transferred employees delayed to access payroll, with average delays of 1.8 months. By close of the financial year, 8 staff had not been paid a total of UGX.9,078,276

The Accounting Officer attributed delayed access to payroll to Delays in acquiring supplier Numbers from MoFPED which was caused by the IFMS system upgrade

The bottom of the page contains several handwritten signatures and initials. On the right side, there is a signature that appears to be 'Mwenda'. Below it, there are initials 'R' and 'S'. Further down, there is a signature that looks like 'Mw' and another that looks like 'Mw'. At the bottom, there are several more signatures, including one that looks like 'Mw' and another that looks like 'Mw'.

at the time, Mismatch of Personnel Data, for example National ID and Other Documents like Academic records, Failure to submit essential documents like National IDs and TIN Numbers by new staff and Reporting of Staff after the deadline of the data capture. This was the case with Staff who spent below 30 days to access the payroll.

The committee observed that failure to access payroll demotivates staff and affects their livelihood.

The committee recommends that the Accounting Officer should ensure that the Human resource and Information technology staff support new employees in obtaining necessary documentation for set up on the payroll.

7.12.6. Delayed access to the pension payroll

Audit noted that 5 new pensioners/beneficiaries delayed to access pension payroll, with average delays of 4 months. As a result, UGX.5,343,902 was not paid.

The Accounting Officer explained that pensioners delayed to access payroll because of lack of training and skills by the new Human Resource Officer to use the IPPS. In addition, the retirees and the administrators for the estates of the deceased delayed to submit required documents for access to pension.

The committee observed that Failure to access pension payroll affects pensioners' livelihood and frustrates them and others die disillusioned.

The committee further established that Paragraph 5.1.2 of establishment notice no. 3 of 2019 provides that pensioners' retirement benefits are authorized 5 days after retirement for payment.

The committee recommends that the MoPS should provide capacity building to the Human Resource department, on the use of IPPS and ensure that the Human resource staff supports new pensioners/beneficiaries in starting the process six months before the retirement date.

The bottom of the page contains several handwritten signatures and initials. On the right side, there is a signature that appears to be 'Kender' and the initials 'MB'. In the center, there is a large, stylized signature that looks like 'Samuel'. Below this, there are more signatures, including one that looks like 'John' and another that is partially obscured. The signatures are written in black ink on a white background.

7.12.7. Delayed removal of staff from payroll

Audit noted that UGX. 7,268,797 was paid to 6 staff who had either retired, transferred, or died with average delays of 1.5 months.

The Accounting Officer explained that this was caused by the delay of submissions of notifications of transferred staff by Heads of Department and the unverified status of the individual who died.

The committee observed that Section B-a (12) of the Uganda Public Standing Orders, 2021 provides that payment of a salary to a public officer shall be stopped immediately the officer ceases to render services to Government under whatever circumstances including death.

The committee further observed that, delayed removal of staff from payroll resulted into financial loss to Government.

The committee recommends that the Accounting Officer through Human Resource Department should ensure regular updates of the Payroll and promptly adjust for any entry and exit from Payroll. It is further recommended that the AO should recover Shs. 7,268,797 from the beneficiaries.

7.12.8. Misclassification of salary, pension and gratuity expenditure.

Audit noted that funds amounting to UGX. 1,757,809 relating to Pension and Pension Arrears were charged on account codes other than those prescribed for Pension and Pension Arrears. As a result, the financial statements do not show the true nature of transactions of the Referral Hospital and could mislead users of the financial statements.

The Accounting Officer explained that this was caused by errors that occurred on the IPPS payroll where gratuity and pension appeared on the same code.

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'Sh'. In the center, there is a large, stylized signature that looks like 'Samuel'. To the right of this, there are initials 'RS'. Further right, there is a signature that looks like 'J. J. J.' and another that looks like 'PMB'. There are also some other smaller initials and marks scattered around.

The committee observed that Section 7.10.3 of the treasury instructions 2017 stipulates that the chart of accounts provides a basis for a uniform budget classification and execution; therefore, it is mandatory for all votes to use the coding structure to budget and execute the budget.

The committee further observed that pension and Gratuity are uniquely identified in the government chart of accounts and the two cannot be budgeted for under the same budget item unless approved by the Accounting officer right from the Budgeting process.

The committee recommends that the Accounting Officer should ensure that appropriate budgeting for salaries, pension and gratuity expenditure so that subsequent payments are correctly charged on right expenditure codes.

7.12.9. Computation and deduction of Local Service Tax (LST)

Audit revealed that analysis of the IPPS register and re-computation of LST revealed that although LST was deducted from all employees on the payroll, the Hospital had wrongly deducted the LST of 187 employees resulting into an over deduction of UGX. 2,836,250 and under deduction of UGX. 377,500. Inaccurate deduction of LST leads to financial loss to the Hospital and its employees.

The Accounting Officer explained that they had no control over this issue since the calculation of the local Service tax was meant to be automated on the IPPS system.

The committee observed the Local Governments (Amendment) (No. 2) Act of 2008 provides that local service tax shall be levied on all persons in gainful employment

The Government through MoPS should ensure that the HCMS accurately deducts LST from all employees in accordance with the relevant laws.

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'S. K.' followed by another signature. In the center, there is a large, stylized signature that looks like 'Samuel R.' and below it, another signature. To the right of the center, there are several initials, including 'MB' and 'DB'. On the far right, there is a large, bold signature that appears to be 'J. K.' and below it, another signature.

The committee also recommends that the Accounting Officer should make recoveries from staff whose LST was under deducted in the same vain refunds of Shs. 2,836,250 to those who suffered an over deduction should be effected.

7.12.10. Computation and deduction of Pay As You Earn (PAYE)

Audit noted that the Hospital wrongly computed the PAYE in respect of 151 employees resulting into under deduction of UGX. 4,097,543. A soft copy of 187 transactions was submitted to the Accounting Officer. As a result, there was a financial loss to government. Additionally, employee costs and payables are misstated in the financial statements.

The Accounting Officer explained that they had no control over this issue since the calculation of the PAYE was meant to be automated on the IPPS system.

Audit observed that failure to pay the right PAYE, the entitle becomes liable for the losses incurred.

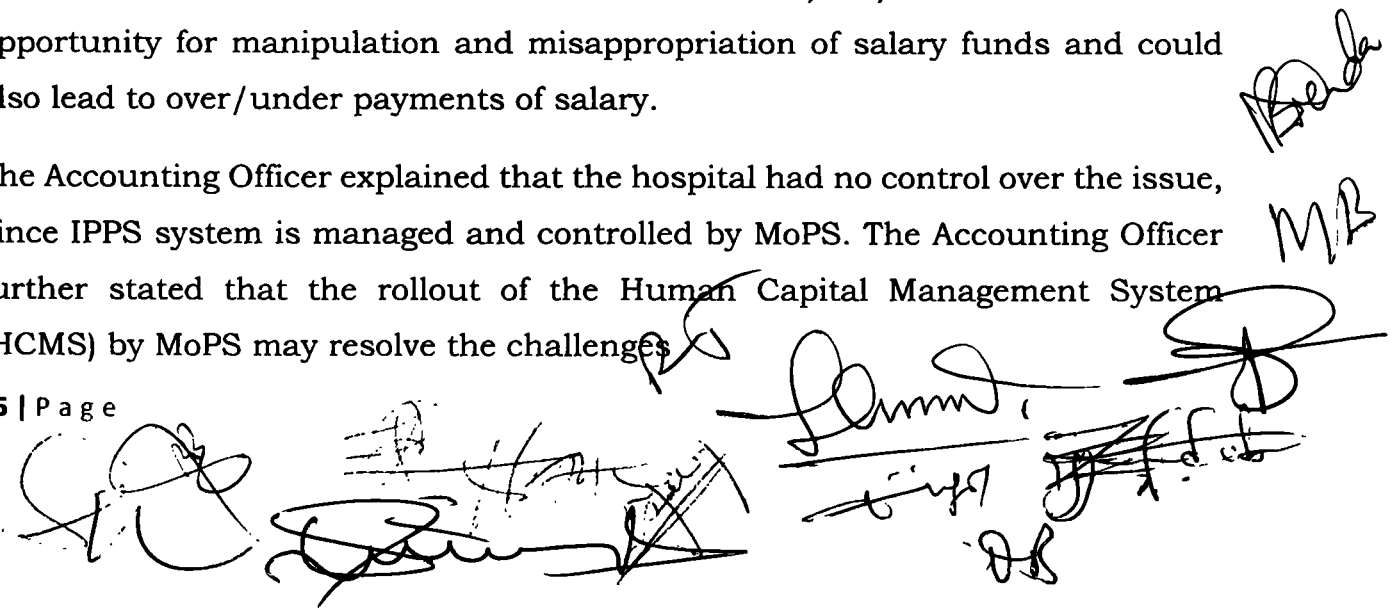
The committee recommends that Government through MoPS should ensure that the HCMS accurately deducts PAYE from all qualifying employees in accordance with the Income Tax Act.

The Accounting Officer should make additional recoveries from staff whose PAYE remittance was less than required.

7.12.11. Inconsistencies between interface files and payroll registers

Audit observed that there were variances of UGX.12,790,270. This creates an opportunity for manipulation and misappropriation of salary funds and could also lead to over/under payments of salary.

The Accounting Officer explained that the hospital had no control over the issue, since IPPS system is managed and controlled by MoPS. The Accounting Officer further stated that the rollout of the Human Capital Management System (HCMS) by MoPS may resolve the challenges.

The bottom of the page contains several handwritten signatures and initials. On the right side, there are initials 'MB' and a signature that appears to be 'Banda'. Below these, there are more signatures, including one that looks like 'J. M. M.' and another that is partially obscured. There are also some scribbles and other marks.

The committee recommends that Government through MoPS should fast track the rollout and implementation of the Human Capital Management system.

7.12.12. Misclassification of Expenditure

Audit noted that UGX. 266,171,930 was spent on activities under Account item codes of Goods and Services as well as Consumption of Property, Plant and Equipment contrary to the fact that they were not budgeted under those account item codes

The Accounting Officer explained that the majority of the funds are project funds that were not tagged to the account code item contrary to the GOU chart of accounts but were rather treated as programme release by MoFPED to cater for all planned activities.

The committee observed that the entity deviated from the planned activities without early detection by management.

The committee recommends that MoFPED should revisit the way budgeting for project funds at the Hospital is done by aligning project budgets to GOU chart of accounts and Accountant Generals guidelines to avoid confusion

7.12.13. Absorption of funds

Out of the total receipts for the financial year of UGX. 9,515,008,698, UGX. 9,301,982,191 (97.76%) was spent by the entity resulting in an unspent balance of UGX. 213,026,507 (2.24%). The unspent balance at the end of the financial year was subsequently swept back to the consolidated fund account

This was caused by delayed recruitments of staff and Delays in submission of key documents by prospective pensioners to access pension benefits.

The committee observed that under absorption deprives other entities of funds for deserving cases.

A collection of handwritten signatures and initials in black ink, located at the bottom of the page. The signatures are written in various styles, some appearing to be names like 'Samuel' and others being more stylized or abbreviated. There are also some initials and marks that are not clearly legible.

The committee also observed that the Accounting officer over committed government with UGX 45,860,350 under property and equipment which was not appropriated for.

The committee recommends that the Accounting Officer should ensure timely commencement of recruitment processes by Human Resource department. In addition, the Accounting Officer should ensure that the Human Resource department supports prospective pensioners in preparation and submission of required documentation to access their pension benefits on time.

The committee also recommends that the accounting officer should be held responsible for committing government over unbudgeted items.

7.12.14. Unaccounted for Funds

Audit that funds totaling to UGX. 58,857,369 did not have supporting documentation to provide evidence of occurrence of the activities for which they were drawn. This was discovered upon inspection of the available vouchers at the time of Audit. For example, there were no receipts, activity reports, attendance sheets and Goods Received Notes. Which made it hard to demonstrate whether the funds were put to proper use.

The Accounting Officer explained that at the time audit, the accountabilities were not available but have since submitted accountability.

The committee observed that Accountability cycle timelines were adequate to allow the AO to provide missing documents verified by Auditor General and therefore tendering of fresh unverified accountability documents during committee session is discouraged.

The committee further observed that the accountability submitted were insufficient and receipts provided were instead altered to cover up the lost funds.

The committee recommends the Accounting Officer should institute recovery measures in the event that funds are not accounted for in one month from the time of adoption of this report.

The Accountant should be held accountable for falsification of receipts to cover up the lost funds and the Uganda Police should carry out investigations in respect of the falsification with a view of;

- a. prosecuting any culprit***
- b. recovery of the lost funds***
- c. AO should be stripped of the accounting function***

7.12.15. Irregular payment of VAT to non-registered supplier

During audit, it was noted that the entity made Value Added Tax payments amounting UGX. 17,694,000 to Range Consult Limited and yet the company was not registered to pay the value added tax causing a loss to government. This payment was done during the supply of tents for covid-19 patients on 23/12/2021.

The committee recommends that the Accounting Officer should institute recovery measures for the money within 6months.

7.12.16. Unpaid NSSF contributions for private wing staff

Audit noted that the entity did not pay NSSF Contributions amounting UGX. 6,503,625 arising from the payment of Salaries of private wing staff on contract contrary to the law. The hospital is likely to pay penalties and fines resulting in loss of government funds. In addition, the affected staff risk loss of their retirement/social security benefits.

The committee observed that NSSF is a statutory deduction and the employer is under obligation to deduct and remit to the relevant authority.

The committee recommends that the Accounting Officer should recover arrears of NSSF from the affected employees and remit to NSSF in addition to the current deductions due to employees in accordance with the law.

The bottom of the page contains several handwritten signatures and initials in black ink. On the left, there is a signature that appears to be 'K'. In the center, there is a large, stylized signature that looks like 'Samuel'. To the right of this, there are several other signatures and initials, including one that looks like 'MB' and another that looks like 'H'. The signatures are written over the bottom of the text area.

7.12.17. Preparation of risk management and mitigation plans

Audit noted that the hospital did not maintain a detailed risk register for all risks that may affect the implementation of activities as detailed in the approved work plans and budgets. As such, there were no strategies to minimise the impact in the event that these risks materialised.

The Accounting Officer explained that, the delay to prepare a risk register was due to expiry of the Hospital Board that lasted a period of three (3) months. Furthermore, the Accounting Officer promised to liaise with MoFPED and other entities to be guided on how this should be done. The Accounting Officer further stated that the Board was now in place and they had assigned an officer to spearhead this exercise.

The committee observed that the hospital does not have risk mitigation strategy hence exposing the entity to risks.

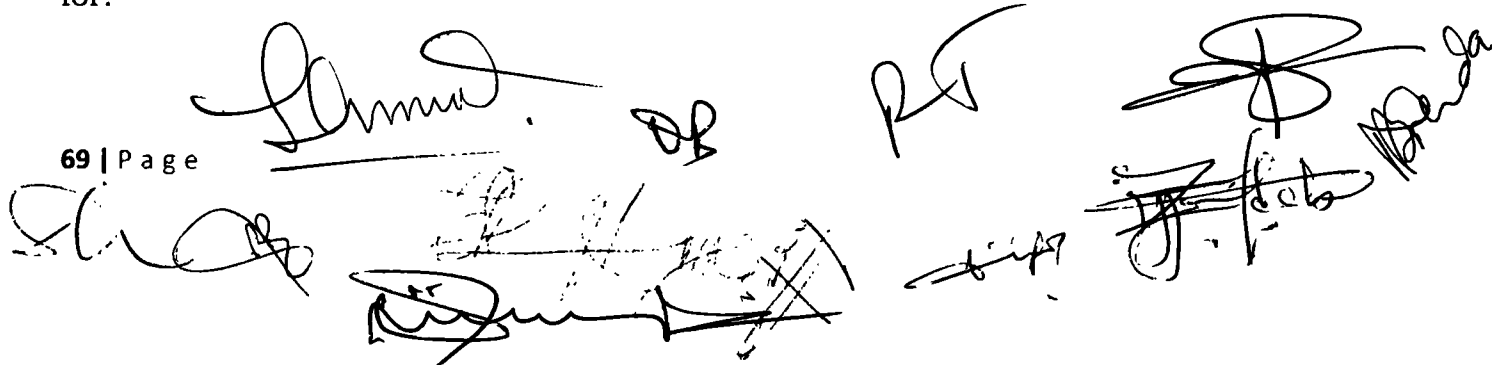
The committee recommends that the Accounting Officer should ensure the consultations with MoFPED yield the eventual preparation of the risk register in the subsequent financial year.

8.12. GULU REGIONAL REFERRAL HOSPITAL

8.12.1. Absorption of wage, pension and gratuity

Out of the total receipts for the financial year of UGX. 8,225,732,612 UGX. 7,087,798,512 was spent by the entity resulting in an unspent balance of UGX. 1,137,934,100, representing an under absorption level of 14%

The Accounting Officer explained that under absorption of salaries was a result of failure to recruit due to late release of the required funds. Pension/gratuity was not fully absorbed because of delayed processing of documents by beneficiaries as well as the vote receiving more funds than what was requested for.

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'Shamud'. To its right are the initials 'DB'. Further right is a large, stylized signature that looks like 'R'. On the far right, there is a signature that appears to be 'M.B.' and another that looks like 'Banda'. There are also some other less distinct signatures and marks scattered across the bottom.

The committee observed that Under absorption of wages negatively affected service delivery due to non-payment of salaries. In Addition, the livelihood of pensioners was negatively affected due to non-payment of their pensions

The committee recommends that the Accounting Officer should ensure timely recruitment of staff. The Human Resource department of the Hospital should ensure that pensioners submit key documentation early for access of pension benefits.

8.12.2. Over payment of salary, pension and gratuity

Audit revealed an over payment of UGX. 516,752 of pension.

The Accounting Officer explained that these overpayments of pension were erroneously made and promised to recover the funds from the respective employee

The committee observed that the erroneous payment was as a result of negligence by the accounting officer to undertake due diligence.

The committee recommends that the Accounting Officer should ensure that monthly reconciliations are prepared by the HR department to eliminate reoccurrence of errors. In the meantime, recoveries should be made immediately, and in any case within 6months of adoption of this report.

8.12.3. Under payment of Salary and Pension

Audit revealed an under payment of UGX.23,580,669 in respect of pension and gratuity.

The Accounting Officer explained that underpayments were caused by a system error by Ministry of Public Service.

The committee observed that Under payments of salary, affects staff morale and productivity which hinders service delivery and leads to understatement of salary expenditure and payables in the Financial Statements whereas the underpayment of pension affects the livelihood of pensioners. The above also causes budgetary distortions.

The committee recommends that the Accounting should ensure pension and salary payments is done in a timely manner.

8.12.4. Misclassification of salary, pension and gratuity expenditure

Audit noted that funds amounting to UGX. 14,331,879 relating to Pension and Pension Arrears were charged on account codes other than those prescribed for Pension and Pension Arrears.

The Accounting Officer explained that salary was charged on Pension due to shortage of funds for wages in the first quarter as a result of enhancement of lunch allowance. The payment was done following a request to the Ministry of Finance.

The committee observed that there was no evidence of approval by the Ministry availed for verification.

The committee recommends that the Accounting Officer should ensure appropriate budgeting for salaries, pension and gratuity expenditure so that subsequent payments are correctly charged on right expenditure codes.

8.12.5. Remittance of deductions (LST, PAYE, UNATU, UCLA)

Audit noted an over and under remittance amounting to UGX.50M and UGX. 21M, respectively.

The Accounting Officer explained that Failure to remit LST was a result of change of the local government's supplier number and names which was following change of status from Municipality to City.

The committee observed that Over remittance limits the wage-bill while under remittance creates obligations to the entity that could result into fines and penalties. Under remittance also creates avenues for siphoning funds through creation of fictitious suppliers/ beneficiaries in the system.

The bottom of the page contains several handwritten signatures and initials. From left to right, there is a signature that appears to be 'AK', a large signature that is mostly illegible, a signature that looks like 'Dennis', and several other initials and signatures including 'DB', 'PS', and a large stylized signature. There are also some scribbles and smaller signatures at the bottom right.

The committee recommends that the Accounting Officer should budget and be facilitated to clear the obligations arising from under remittances.

8.12.6. Outstanding Payables

A review of the statement of financial position on page 6 of the financial statements revealed that the Hospital had outstanding payables of UGX.267,286,364 (Trade creditors) by the end of the year. A detailed review of the categorization and aging of the payables in note 24 on page 23 of the financial statements revealed that out of the outstanding payables, UGX.195,311,327 relate to the previous financial years.

The committee observed that these long outstanding payables may lead to litigation costs due to non or delayed settlement. This also affects local businesses leading to closures.

The committee recommends that the Accounting Officer and MoFPED should prioritize full settlement of the long outstanding payables.

8.12.7. Absorption of funds

Out of the total receipts for the financial year of UGX.13,471,418,738, UGX.10,998,399,284 (81.6%) was spent by the entity resulting in an unspent balance of UGX.2,473,019,454 (18.4%). The unspent balance at the end of the financial year was subsequently swept back to the consolidated fund account

The Accounting Officer explained that the failure to spend was as a result of failure to recruit and Lack of implementation/authorization letter for G2G (Government to Government) funds and excess funding

The committee observed that failure to recruit key and all staff negatively affects service delivery and poor absorption of funds deprives an opportunity to other entities the much needed resources.

The committee recommends that the Accounting Officer and all stakeholders should ensure timely commencement of recruitment

The bottom of the page features several handwritten signatures and initials. On the left, there is a signature that appears to be 'SK'. In the center, there is a large, stylized signature that looks like 'Jama'. To the right of this, there are several sets of initials and signatures, including 'PS', 'AB', 'MB', and others that are less legible. The signatures are written in black ink on a white background.

processes. In addition, the Accounting Officer should ensure that the budget is always realistic.

8.12.8. Maintenance of a land Asset Register

Audit noted that the entity did not maintain a land register and 2 pieces of land measuring approximately 1.582 hectares were not recorded in the entity's assets register. As a result, the completeness of the Hospital's land inventory could not be confirmed. The non-recording of land in the land register also affects the entity's ability to keep track and monitor all its land.

The Accounting Officer acknowledged the anomaly and undertook to ensure a land asset register is put in place.

The committee observed what that this was as a result of laxity at work.

The committee recommends that the Accounting Officer should always maintain an updated land assets register

8.12.9. Utilization of Hospital land

Audit noted, through land inspection and inquiries with management that part of the Hospital land is occupied and is being utilized by Gulu Central Police Station and Gulu College of Health Science without clear approval by the necessary authority.

The Accounting Officer undertook to consult with the Ministry of Health on the existence of any Memorandum of Understanding with respective Ministries (Ministry of Education & Ministry of Internal Affairs) in regards to the land occupied by Uganda Police Force and Gulu College of Health Service respectively.

The committee observed that Use of land for unapproved purposes defeats the purpose for acquisition, which may affect the entity's ability to expand for additional service delivery to the community.

The committee recommends that the Accounting Officer should ensure that all Hospital land is utilized for the purpose it was meant for.

A collection of handwritten signatures and initials in black ink, located at the bottom of the page. The signatures are of various styles, some appearing to be initials like 'JH', 'DG', 'DS', and others that are more elaborate. There are also some crossed-out or scribbled marks.

8.12.10. Failure to deduct withholding tax from eligible payments.

Audit noted that 6% withholding tax amounting to UGX.11,148,471 was not deducted from various eligible payments and as such was not remitted to Uganda Revenue Authority (URA).

The Accounting officer undertook to effect recoveries from suppliers from whose payments WHT was not deducted.

The committee observed that un remitted taxes attract fines and penalties prescribed in the Act from URA. In addition, a withholding agent who fails to withhold tax in accordance with this Act is personally liable to pay to the commissioner the amount of tax, which has not been withheld.

The Accounting officer should ensure that the un-deducted withholding tax is expeditiously recovered and accordingly remitted to the Tax Authority. URA is urged to take interest and obtain this payment

9.12. MUBENDE REGIONAL REFERRAL HOSPITAL

9.12.1. Funding of Wage, Pension and Gratuity

The Hospital approved budget for wage, pension and gratuity was Ugx.6,405,103,963 and all was released during the year under review. However, Audit revealed that out of the released amounts, Shs. 5,754,403,261 was spent resulting into unspent balances of Ugx. 651,100,700 representing absorption level of 90%. Unspent balances were swept to the consolidated fund at the end of the financial year.

AO explained that there was an error in forecasting of retiring staff that was discovered after budget was passed.

The committee observed over budgeting for statutory expenditure is reoccurring phenomenon in Mubende Hospital. In FY 2020/21, Mubende received Ugx.2.15Bn. In during the year under review excess Pension and Gratuity totaling to Ugx. 651,100,700 was swept back to the consolidated fund.

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'Samu'. In the center, there are initials 'AB' and 'RS'. On the right, there is a large, stylized signature that looks like 'MB' and another signature below it. There are also some other smaller marks and scribbles.

The committee further observed that, of the total unspent balance, Gratuity accounted for the largest share of Ugx.651,100,700 followed by salary with Ugx 4,895,732. Owing to the previous trend of excess budget provision, the AOs explanation was not satisfactory.

The committee reiterates its earlier recommendations that doctors should be stripped of accounting functions so that they are focused on matters of the ward.

The MoFPED should ensure that they release funds in its entirety and in a timely manner to enable the hospitals to execute their mandate.

The MoPS/Service Commission should take interest in late recruitment of staff that end up crippling the functioning of the hospitals.

9.13. MULAGO NATIONAL REFERRAL HOSPITAL

9.13.1. Payment of Undisclosed Domestic Arrears

Audit discovered that domestic arrears to the tune of UGX. 1,384,692,974 paid during the year were recognized as part of the Statement of Financial Performance instead of the Statement of Appropriation Account contrary to the Financial Reporting Guide 2018. In addition, the amount was not disclosed in prior periods implying that they were not verified and reconciled with the balances on the database maintained by the Accountant General's Office.

The Accounting Officer explained that the payment of previous year outstanding commitments during the FY 2021/22 was to respond to the guidance given in the budget execution circular that required that outstanding commitments make the first call on the resources in the proceeding period in order not to curtail the private sector. It was further explained that Government of Uganda no longer provides a budget for other outstanding commitments other than utilities and International Organization commitments which means that these outstanding obligations are meant to be settled from the appropriated resources

A collection of handwritten signatures and initials in black ink, located at the bottom of the page. Some are clearly legible, while others are more stylized or scribbled. They appear to be official signatures of various individuals involved in the audit or reporting process.

The committee observed that the explanation of the Accounting officer was not satisfactory due to the increasing trend of payment of arrears with questionable origin. For instance, In FY 2020/21 the Auditor General reported that the Hospital made payments for non-existent liabilities amounting to UGX 1,471,382,369 and the current payment under review is not any different.

The committee further observed that the requirement for arrears to have a first call on the budget does not negate the fact that they must be well disclosed in the Financial statements of an entity. Non-disclosure of arrears contravenes the principle of full disclosure of the accounting profession.

The committee recommends that a value for money audit be conducted to establish any possible loss of funds as a result of none disclosure of un justified arrears in the Financial Statements.

9.13.2. Unsupported Expenditure- UGX.1,041,373,039

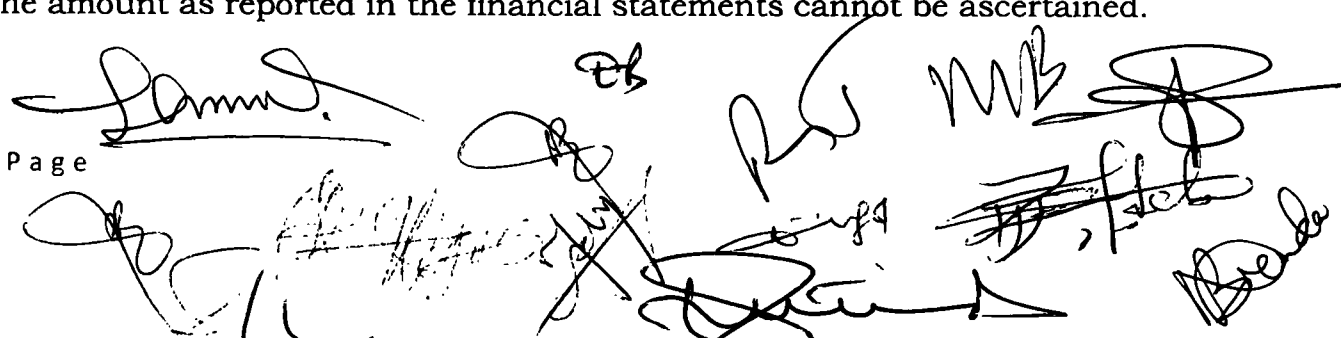
AG reported that Records for expenditure worth UGX.1,041,373,039 were missing on file at the time of audit, this was contrary to Paragraph 10.3.1 of the Treasury Instructions, 2017 which states that the final stage in the payment processing cycle and the Head of Finance and Accounts shall ensure that the vouchers are printed and signed and all the relevant supporting documentation for the invoices paid are filed in good order.

The Accounting Officer explained that the vouchers in question were taken by Health Monitoring Unit (HMU) to support the then ongoing investigations and they have never been returned

The AO further explained that he communicated to the director of the state house health monitoring unit (HMU) in a later dated 6th February 2023 ref D/GC/138 requesting these documents and still waits the return the documents

The committee observed that, in the absence of supporting documents, the use of the amount as reported in the financial statements cannot be ascertained.

76 | Page

The bottom of the page contains several handwritten signatures and initials in black ink. On the left, there is a large signature that appears to be 'Samuel'. To its right, there are various other signatures and initials, including one that looks like 'MB' and another that is partially obscured by a large, stylized signature. The signatures are scattered across the bottom of the page, some overlapping each other.

It was further observed that there was no document movement file tendered to the committee acknowledging receipt of the said documents by the Health Monitoring Unit.

Additionally, the communication by Accounting officer to the HMU was made on 6th February 2023, two months after Audit process had ended and report had already been submitted to Parliament in accordance with PFMA, 2015. This demonstrated lack of interest and laxity by the accounting officer to provide all the supporting documents during the for accountability review period.

The Committee recommends that Accounting officer should make recoveries from the affected individuals, in any case within 6months of adoption of this report.

9.13.3. Non-Disclosure of Pension and Gratuity Arrears in the financial statements

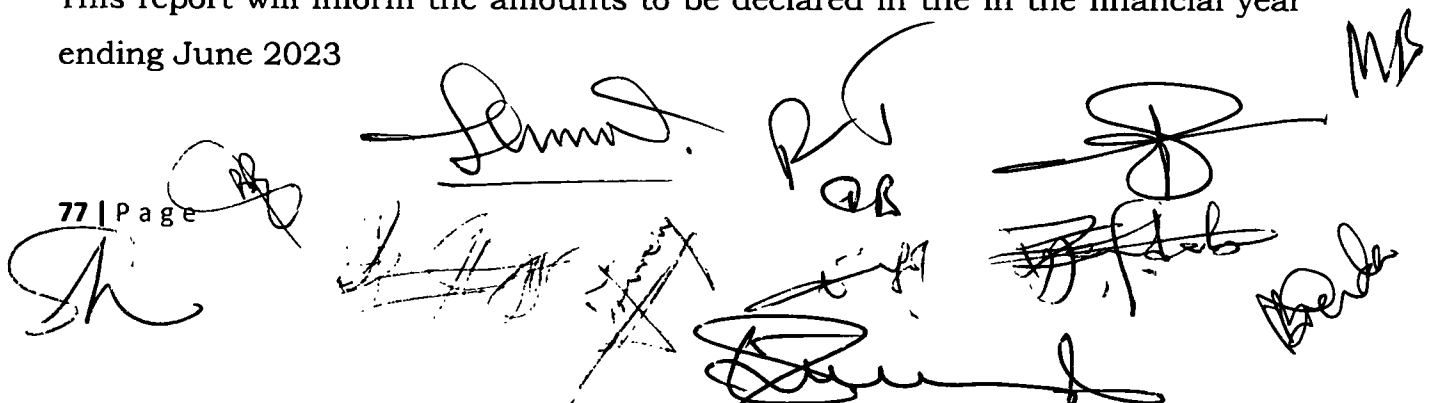
Auditor general discovered that pension worth UGX.94,374,336 was not paid to eight (8) pensioners on the pension payroll for twelve months and gratuity worth UGX.293,062,232 was not paid to the seven (7) retirees. The hospital did not recognize the unpaid amounts in the Statement of Financial Position inform of payables as required by the accrual basis of accounting.

The Accounting Officer explained that a verifications exercise had been instituted to ascertain the rightful claimants and level of indebtedness. A preliminary report is available

The exercise established some pensioners that had gone off the pension pay roll because of old age and failure to show up for the verification exercise. These pensioners have since been reinstated on pension payroll.

The verification exercise is expected to be completed by the end of March 2023. This report will inform the amounts to be declared in the in the financial year ending June 2023

77 | Page

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'Sh'. In the center, there is a large, stylized signature that looks like 'J. M. M.'. To the right of this, there are initials 'P. V.' and 'A. B.'. Further right, there is a signature that looks like 'B. J. B.'. On the far right, there are initials 'M. B.' and a signature that looks like 'B. B.'. There are also some crossed-out signatures and other scribbles.

Committee Observed that although as of April 2023, most pensioners had been verified and paid, the act of non-disclosure of unsettled pension resulted into understatement of payables and understatement of pension/gratuity expenditure in the financial statements.

Gratuity is a statutory expenditure and its non-payment may affect the livelihood of the pensioners and beneficiaries.

Committee recommends that the Accounting Officer should fast track the verification and payment of all statutory payments.

9.13.4. Implementation of the Approved Budget 2021/22

9.13.4.1. Utilization of warrants

Out of the total warrants of UGX.74.580Bn received during the financial year, the entity submitted invoices totaling UGX.72.183Bn resulting in un-utilized warrants of UGX.2.394Bn representing an absorption level of 96.79%.

Out of the amounts of warrants that were not utilized UGX.2.16Bn was meant for the recruitment of staff and payment of pension and gratuity which were subsequently partially implemented.

The Accounting Officer reechoed his earlier submission that the warrants could not be utilized due to late release with little time for recruitment of staff.

The committee observed that Mulago national Referral Hospital and other referral Hospitals are grappling with the problem of understaffing yet wage is appropriated but unfortunately released at the tail end of the financial year which stifles timely recruitment and service delivery.

Committee Recommends that MoFPED should release 25% of wages meant for recruitment of new staff in the first quarter and 75% thereafter to enable a credible recruitment process to take place.

The bottom of the page contains several handwritten signatures and initials. On the left, there is a large signature that appears to be 'Samuel'. To its right are several smaller initials and signatures, including 'RS', 'MB', and others that are less legible. Some of these appear to be crossed out or written over existing marks.

9.13.4.2. Implementation of outputs and activities

Audit assessed the implementation of a sample of eight (8) outputs that had been fully quantified with a total of fourteen (14) activities worth UGX.50.683bn and noted that seven (7) outputs with thirteen (13) activities and expenditure worth UGX.45.883bn were fully implemented while One (1) output with one (1) activity worth 4.8bn was partially implemented.

The Accounting Officer explained that the scheduled completion of the staff houses is affected by the low capital budget ceiling. In addition, the construction was slated for 3 years but funds have been inadequate over the project years. The total Project cost is UGX.30.2Bn, but the total release to date is UGX.5Bn.

For the under review, the hospital received UGX.4.8bn and all was spent.

Committee Observes that this is a multi-year project for which funds are released quarterly and payment is based on percentage of work completed per financial year.

Committee recommends that the Accounting Officer liaises with MoFPED to provide adequate funding in the Hospital budget ceilings meet its capital development needs.

9.13.5. Diversion/Mischarges

AG established that funds to the tune of UGX.1,177,688,181 were irregularly diverted from the activities on which they were budgeted and spent on other activities without seeking and obtaining the necessary approvals.

Paragraph 10.3.1 (step 4-approval of payments) of the Treasury Instructions, 2017 instructs AOs to ensure no mischarge and diversion of funds through wrong coding of transactions is committed on his or her vote.

Accounting Officer explained that charging was based on related items i.e., Repair of car park on non-residential buildings since it has buildings like sentry box and observation tower; Fuel on incapacity death and funeral expenses for fuel expenses for 5 burial; Service of lifts was charged on maintenance civil as it involves civil and electromechanical works;

The committee observed that most of the Expenditure mischarged are not related expenditure contrary to the Accounting Officer's explanation, for instance Shs.93Million was charged on Item 263104 - Transfers to other govt. units and spent on Orthopedic materials, Research grants- Repair of motor vehicles yet this has independent item codes. Loans amounting to 37.5Million was charged on 212102 -Pension for General Civil Service Instead of Code 211101- General staff salaries. Furthermore, Pension worth Shs.460Million was charged on Code- 211101 General staff Salaries instead of Code-212102 Pension for General Civil Service.

The committee further observed that; Diversion of funds negatively affects service delivery, negates the purpose of budgeting and in is breach of Paragraph 10.3.1 (step 4-approval of payments) of the Treasury Instructions, 2017 which instructs AOs to charge the right expenditure item codes in the Chart of Accounts.

Furthermore, the hospital authorities allocated inadequate funds to critical items during the budgeting process, hence there was unrealistic budgeting.

Committee recommends that a forensic investigation be done to establish possible loss of funds/non-implementation of activity as a result of mischarge in accordance with Paragraph 10.3.1 (step 4-approval of payments) of the Treasury Instructions, 2017.

Accounting Officer/MoFPED should ensure critical budget items are adequately funded within the budget constraint.

9.13.6. Management of Public Land

9.13.6.1. Titling and Transfer

Auditor General noted that the entity had 27 pieces of land measuring approximately 75 hectares at the reporting date. However, management did not avail documentation to confirm the size, date and cost of acquisition, ownership and the location of the land. Similarly, the Hospital did not have Land titles for 22 pieces of land whose size the Hospital could not ascertain. The entity has

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'Dumma'. In the center, there are initials 'R/S' and 'OB'. On the right, there is a signature that looks like 'M/B' and another that looks like 'Bend'. There are also some other scribbles and marks.

taken an average of 26 years from the time of acquisition without obtaining these titles.

Correspondences between the Hospital, Uganda Land Commission and Ministry of Lands, Housing and Urban Development showed that efforts by the Hospital to secure land titles had been futile.

The Accounting Officer explained that; the Hospital is mainly on two titles: freehold register volume 229 folio 11 measuring 39.7 acres and freehold register volume 219 folio 21 covering plots 12-38 kitante road north ,6-10 kitante road north, 2-20kira road ,8-21 dwaliro road measuring 75hectares.however, the 22 lots secured under ADB are not yet titled

The Committee notes that lack of land titles has resulted into encroachment, disputes and loss of public land. Case in point is land that the Hospital lost to National Drug Authority (NDA) when the Authority secured a title for part of the Hospital's land.

Where statutory entities acquire land, it should be titled by their name because Uganda Land commission can easily give away the land.

Committee Recommends that the Accounting Officer should fast track the titling of the 22 lots secured under ADB in the entity's names.

9.13.6.2. Encumbrance on Public Land

Paragraph 16.13.12 of the Treasury Instructions, 2017 requires that to control an asset, a government entity should be the predominant user of the asset.

Six (6) pieces of land whose hectares and value could not be established due to management's inability to avail the information had encumbrances in the form of caveats, court injunctions and encroachment. Similarly, some entities on the land like National Drug Authority had obtained title deeds without consent/approval from Authorities of Mulago Referral Hospital

A collection of handwritten signatures and initials in black ink, located at the bottom of the page. The signatures are varied in style, with some appearing to be full names and others being initials or abbreviations. They are scattered across the bottom third of the page, overlapping slightly.

The Accounting Officer explained that the hospital acquired land under ADB and Management is in the process of opening land boundaries, securing all these titles and removing encumbrances through a consultant legal firm.

The Committee noted that any form of encumbrances hinders management's ability to utilize the affected land for the intended purpose and may also pose a risk of loss of land.

The committee further observed that there is laxity on the side of the Accounting Officer to determine the value and fully secure the six pieces which has led to encumbrances on the land.

The Accounting Officer should fast track the process of opening land boundaries, securing all these titles and removing/settling encumbrances.

9.13.7. Status of medical equipment

AG assessed key medical equipment in the hospital focusing on functionality and availability of medical equipment in six key hospital departments including; Central Sterile Service Department (CSSD), Radiology, ICU, Laundry, Clinical Laboratories and Accidents and Emergencies showed that;

A sample of 463 key medical equipment in the Hospital noted that 46 were non-functional, 4 semi- functional and 413 are functional

The Accounting Officer explained that some of the equipment's is non serviceable and were recorded as absolute like patient monitors, autoclaves, drying machines, hematology analyzer. Hematology analyzer was on replacement and has sincere been replaced with a new one

Committee Observed that 10% of the equipment is nonfunctional. The absence of such essential medical equipment at a national referral Hospital compromises the quality of service delivery and affects efficiency of the medical workers.

A collection of handwritten signatures and initials in black ink, including 'PS', 'OK', 'B', 'D', 'MP', and several other stylized names and marks.

Committee recommends that Accounting Officer should immediately budget and liaise with MoFPED and MoH to prioritize funding for maintenance and replacement or conduct disposal of affected medical equipment to avoid stifling service delivery and or further loss of value at disposal

9.13.8. Failure to utilize integrated RX Inventory system

AG established that in 2019, the Ministry of Health installed Rx Solution, an electronic pharmaceutical management system in the stores of more than 270 health facilities across the country with the objective of automatically submitting data to the MoH PIP system for stock status reporting. Rx Solution was to help the health facilities to achieve integrated stock management by:

Monitoring the quantities of stock requested, ordered, received, and distributed, recommending quantities of stock to be ordered based on historical data, tracking batch/lot and expiry dates for all stock and; tracking dispensing information for prescribers, dispensers, and patients

However, although RX solutions had been installed on the Hospital computers in the store, the stores staff was not using it due to lack of training of staff on how to use the system.

The Accounting Officer explained that, an upgrade of the RX solutions and user training by the ministry of health is still on going including the coding of items

Committee Observations

1. Failure to use RX solutions hindered the hospital and Ministry of Health from accessing to real time data on availability and dispensing of drugs and denies supervisors the benefit of drug monitoring reports.
2. Further, it shows that the investment by MoH is not achieving the intended benefits hence no value for money.

Committee recommends that the Accounting Officer should fast track the conclusion of the upgrade of the RX solutions and user training by the

A collection of handwritten signatures and initials in black ink, located at the bottom of the page. The signatures are overlapping and vary in style, including some that appear to be initials like 'MB' and 'MB'.

ministry of health is still on-going including the coding of items to ensure that the RX solution is put to use for effective stores management.

9.13.9. Procurement/Development and Use of Software/Licenses (IT Systems) and Equipment

The Hospital has six (6) systems, which were not integrated and not automatically sharing information with other systems. As such, information sharing was purely manual despite being explicitly provided for in the respective system requirements.

IT systems in the hospital

No	Systems	Purpose
1	Integrated Hospital Management System (IHMS)	To digitize all Hospital processes
2	CCTV Surveillance System	To capture images in real time in strategic areas of security concern
3	Telemedicine	For tele-guidance in remote surgical and other consultations in real time
4	IP PBX Telecom System	To ease communication within the facility over the local network
5	Rx Solutions	To manage local inventory, purchase orders and stock of drugs and sundries
6	Biometric Access Controls	To increase security levels by creating a layer of verification of entrants into the premises

The Accounting Officer explained that the integrated hospital management system is fully developed covering areas of clinical and non-clinical business process , Some systems like CCTV, biometric access are stand-alone systems that don't require integration , Telemedicine equipment is available and pending

[Handwritten signatures and initials are present at the bottom of the page, including "MB" and "Sh"]

integration into the integrated hospital management system and Scale up and full integration of all these systems is independent on the completion of local area network under ROKO contract.

Committee Observation

Non-compliance leads to duplication of acquisition, procurement of non-compatible solutions and equipment; and general deviation from Government's efforts to rationalize resources for better service delivery.

Committee Recommendations

The Accounting Officer should;

- 1. Fast track the integration of the Telemedicine equipment into the integrated hospital management system***
- 2. Fast track the completion of the local area network under ROKO contract to enable scaling up and full integration of all these systems to improve effectiveness and efficiencies for better service delivery***

9.13.10. Procurements

9.13.10.1. Use of direct procurement -UGX. 571,826,881

Auditor general noted that direct procurements worth UGX.571,826,881 were undertaken by the Hospital without comprehensive justification.

The use of direct procurement method limits competition and exposes the entity to monopoly tendencies of high prices and compromised quality.

The Accounting Officer explained that;

Maintenance of lifts

- The company is the sole agent of Otis (manufacturer of the lifts) in Uganda.

Replacement of old clay sewerage

A collection of handwritten signatures and initials in black ink, located at the bottom of the page. The signatures are overlapping and vary in style, including some that appear to be initials like 'MB' and 'PS'.

- This was an emergency procurement following sewage burst in the staff quarters that were made of old cast iron pipes

Servicing of lifts

- The company is the sole agent of Otis (manufacturer of the lifts) in Uganda

The Committee noted possible connivance and worried of a possibility of losing out on quality and value since the technically and financially compliant bidders may be left out

The committee further there was no existing contract restricting servicing of lifts exclusively to the manufacturer and in the event of restricted bidding, negotiations for could have been compromised yet negotiations is the only way to achieve value for money in a restricted bidding process.

The Committee recommends that the IGG should commence an investigation into the contract of UGX. 571,826,881 and if found culpable, the Accounting Officer should be held liable for ignoring a competitive bidding process.

The committee further recommends that the Accounting Officer should always adhere to the provisions in the PPDA to ensure optimal benefits accrue from competition.

9.13.10.2. Other procurement irregularities - UGX.777,307,880

AG reviewed procurement documents, and noted that a total of UGX.777,307,880 procurements were undertaken during the year. A number of irregularities within these procurements were observed these include; failure to follow the evaluation criteria during evaluation and signing of contracts before expiry of best bidder's notice among others. This resulted into Ineligible firms that did not meet evaluation criteria being awarded contracts.

Although the Accounting Officer undertook to avail the procurement files for further verification, this was not done by the time of reporting.

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'A'. In the center, there are initials 'AB' and a signature that looks like 'P. S.'. On the right, there is a large, stylized signature that could be 'B. S.', and another signature below it that looks like 'M. S.'. There are also some other smaller marks and scribbles.

The Committee notes possible connivance, falsification of evaluation documents since they did not exist at the time of Audit. The Committee further obsessive breaches in the procurement process could have led to ineligible companies being awarded contracts.

Committee recommends that the IGG should commence an investigation into the contract of UGX.777,307,880 awarded and if found culpable, the Accounting Officer should be held liable for ignoring a competitive bidding process.

9.14. UGANDA CANCER INSTITUTE (UCI)

9.14.1. Utilization of warrants

Auditor General reported that out of the total warrants of UGX.148.22bn received during the financial year, the Institute submitted invoices totaling UGX.147.64Bn resulting in unutilized warrants of UGX.0.58Bn representing an absorption level of 99.6%. This appropriation expired at the end of the financial year as required by the PFM Act, 2015.

Accounting officer explained that the warrants that were not utilised were to pay new staff but these had not yet accessed the payroll by the close of the financial year.

The committee observed that implementation of recruitment plan was slow yet the budget for new staff had been appropriated by Parliament which deprived the public of timely service delivery.

The committee recommends that Accounting officer should expedite that the process to allow new staff access payroll

9.14.2. Diversion/Mischarges

Auditor General noted that from the samples reviewed, funds to the tune of UGX.269,511,315 were irregularly diverted from the activities on which they

were budgeted and spent on other activities without seeking and obtaining the necessary approvals.

The Accounting Officer explained that the accreditation of reference lab was UGX.158,959,834 which was a condition for purchase of medical equipment. All payments for travel abroad were budgeted under training since there was freeze on travel abroad due to Covid-19. This amounted to UGX.30,300,361. Tonners were budgeted under ICT which amounted to UGX.34,913,368. Giving a total of UGX.223,876,563. The balance UGX.45,634,752 were for emergencies.

Accounting officer further explained that he attempted to seek authority from the PS/ST to vary the available resources which was not forthcoming.

The committee observed that when travel abroad was frozen due to COVID 19, the entity budgeted for travel abroad under the Training Budget Item which conflicted with the descriptions of Government Chart of Accounts and government guidance on COVID 19 standard operating procedures.

Diversion of funds is not only contrary to the PFM Act, 2015 and Appropriations Act, 2021 but also negatively affects the delivery of services and negates the purpose of budgeting. This this therefore is attributed to budget indiscipline, poor budgeting practices, and failure by the entity to adhere to the financial management controls put in place.

While Accounting Officer indicated that he attempted to seek authority to vary available resources to avoid Mischarge and Diversions, no documentation was provided to the committee.

The committee recommends that a forensic audit be carried out and if found culpable, the Accounting Officer should be held accountable for mischarge.

9.14.3 Un-Budgeted for Domestic Arrears

The Audit Report noted that the Institute paid domestic arrears incurred outside the appropriated budget to a tune of UGX.1,351,175,775.

The bottom of the page contains several handwritten signatures and initials in black ink. On the left, there is a large, stylized signature. In the center, there are several smaller signatures and initials, including one that looks like 'PS'. On the right, there is a large, bold signature, and below it, the initials 'MB' are written. There are also some other smaller marks and initials scattered across the bottom right area.

Section 21(2) of the Public Finance Management Act, 2015 provides that a vote shall not take any credit from any local company or body unless it has capacity to pay the expenditure from the approved estimates as appropriated by Parliament for that financial year. However, It was observed that the Institute paid domestic arrears incurred outside the appropriated budget to a tune of UGX.1,351,175,775.

Section 28 of the Uganda Cancer Institute Act 2016 enjoins the Institute to Comply with the provisions of the PFM Act, 2016 at all times.

The Accounting Officer explained that these were bills that were not paid at the end of the Financial Year ending 30th June 2021 and the Institute did not receive counterpart funding meant to clear the bills. Since the bills were not verified and documented as domestic arrears they formed the first call on the Budget.

The committee observed the following;

- a) Statement of outstanding commitments at the beginning of Financial year 1st July, 2021 amounted to Shs.54.04Million while New outstanding commitments incurred during the Financial year were Shs.235.33Million therefore, arrears payable should have been Shs.289.363Million but this was instead carried forward as cumulative outstanding commitments for 30th June 2022 yet Shs.1.351Billion was paid. This led to an over payment of Shs.1.062Billion.
- b) the bills did not form the first call on the budget as purported by the Accounting officer but instead considered only at expenditure time and the bills paid were not verified by Auditor general to ascertain their existence and authenticity.
- c) The Approved budget estimates FY 2020/21, the entity budgeted for Domestic Arrears of Shs.5.481Million while in FY 2021/22, the entity did not disclose any Domestic arrears
- d) The entity has been incurring domestic arrears previously as reported in the Approved Draft Estimates FY 2020/21 and 2021/22 however, Shs.

1.35Bn paid is significant and of exceptional magnitude and there is no clear trail from origin.

- e) The entity did not report any Domestic Arrears in its Ministerial Policy statement for the FY 2021/22 contrary to the format of Ministerial Statement provided in the PFM Act 2015.
- f) that Payment of un budgeted domestic arrears affects the implementation of the current planned activities

The committee recommends that the Auditor General carries out a forensic investigation on the payments of arrears with the view of establishing whether or not they were within the appropriated budget. Should he be found culpable, the Accounting Officer should be held liable for over committing government beyond budget and payment of unrecognized arrears amounting to Shs.1.062Bn should

9.14.5. Unsupported Expenditure

Regulation 33(4) of the Public Finance and Management Act, 2016 requires a payment voucher which is incomplete due to the unavailability of the necessary supporting documents to be regarded as a missing voucher. It was observed that expenditure to the tune of UGX.292,502,866 was paid to various suppliers without supporting documents implying that the funds remained unaccounted. Accounting officer responded that a number of accountabilities have been submitted and were filed in different files. The support documents for payment to suppliers were fully verified by Auditors.

The committee observed that;

- a) Delayed accountability for funds may lead to falsification of accountability documents. although the Accounting Officer promised that accountabilities will be availed for audit.
- b) By the time of reporting entity had not yet availed the accountabilities contrary to the accounting Officers explanation.

A collection of handwritten signatures and initials in black ink, including 'MB', 'MB', 'Shm', and various other scribbles, located at the bottom right of the page.

The committee recommends that;

- a) The Accounting Officer should enforce stringent controls relating to financial management and accountability***
- b) Accounting officers should effect recoveries where Unsatisfactory accountabilities have been tendered.***

9.14.6. Under Payment of Pension and Non-Payment of Gratuity

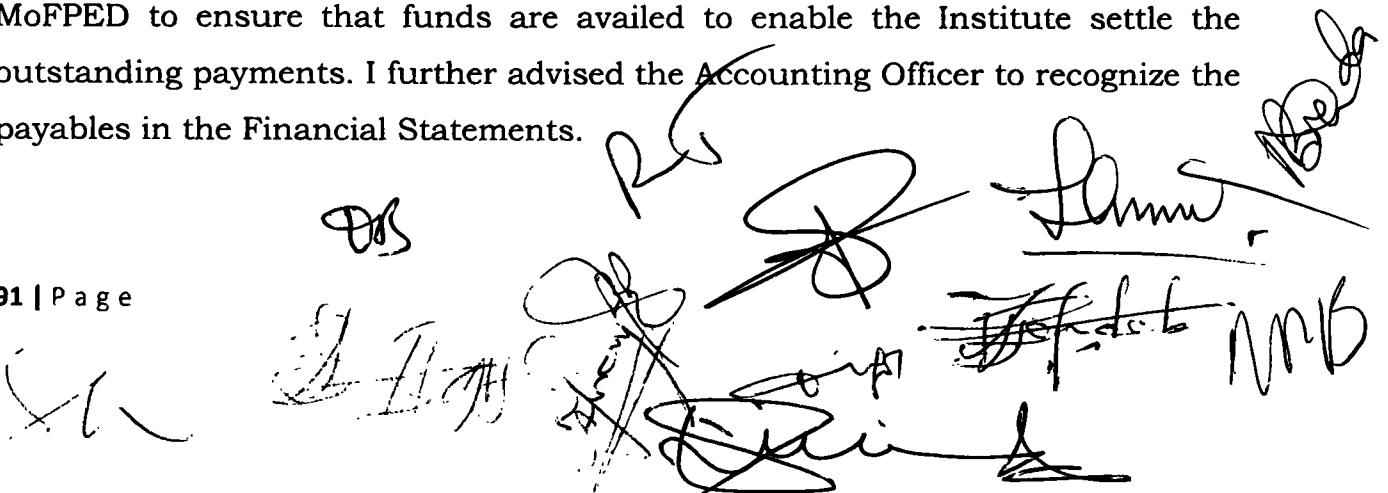
Article 254 (1) & (3) of the Constitution of the Republic of Uganda 1995 (as amended) provides that a public officer shall, on retirement, receive such pension as is commensurate with his or her rank, salary and length of service. The payment of pension shall be prompt and regular and easily accessible to pensioners.

Audit noted that management under paid pension to a tune of UGX.31,103,361 and did not pay Gratuity of UGX.24,928,278.

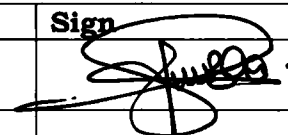
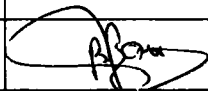
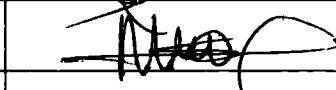

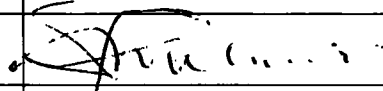
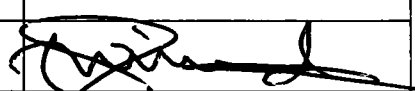
The Accounting Officer explained that there was an increment in Pension which resulted into Pension deficit of UGX.27,765,949 and this was communicated to Ministry of Finance Planning and Economic Development (MoFPED) on 19th April, 2022. It was further explained that gratuity was for a deceased pensioner whose submission to PSC was made on 23rd July 2020 but the family had not yet submitted the necessary documentation to facilitate processing of pension and gratuity to the Estate.

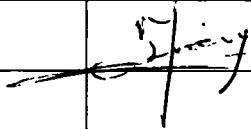
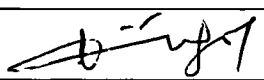
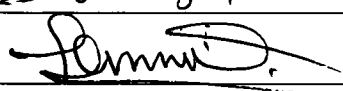
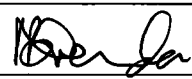
The committee observed that Under and non-payment of entitlements not only leads to accumulation of arrears for the Institute but affects the standard of life of the beneficiaries. It was further observed that the above outstanding payables had not been recognized in the entity's financial statements.

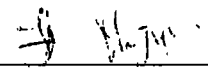
The committee recommends that the Accounting Officer should liaise with MoFPED to ensure that funds are availed to enable the Institute settle the outstanding payments. I further advised the Accounting Officer to recognize the payables in the Financial Statements.

The bottom of the page contains several handwritten signatures and initials in black ink. On the left, there is a signature that appears to be 'S.C.'. In the center, there are multiple overlapping signatures, including one that looks like 'P.S.' and another that is more stylized. On the right, there is a signature that looks like 'L.M.' and another that is more complex. At the bottom right, there is a signature that looks like 'M.B.'.

**LIST OF MEMBERS ENDORSING THE REPORT OF PAC – CENTRAL GOV'T ON
AUDITOR GENERAL'S REPORT ON NATIONAL REFERRAL HOSPITALS & OTHER
SPECIALISED HEALTH VOTES FOR THE YEAR ENDED 30TH JUNE 2022**

S/n	Name	Constituency	Sign
1.	Hon. Lubega Medard Sseggon	Busiro East	
2.	Hon. Basalirwa Asuman	Bugiri Municipality	
3.	Hon. Adriko Yovan	Vurra County	
4.	Hon. Atyang Stella	DWR Moroto	
5.	Hon. Angura Fredrick	Tororo County South	
6.	Hon. Afidra Olema Ronald	Lower Madi County	
7.	Hon. Atima Jackson	Arua Central	
8.	Hon. Bataringaya Basil	Kashari North County	
9.	Hon. Bukenya Michael Iga	Bukuya County	
10.	Hon. Okot John Amos	Agago North County	
11.	Hon. Kyooma Xavier	Ibanda North	
12.	Hon. Solomon Siliwany	Bukooli Central	
13.	Hon. Nandala Mafabi	Budadiri West	
14.	Hon. Okin P. P Ojara	Chua West County	
15.	Hon. Denis Onekalit Amere	Kitgum Municipality	
16.	Hon. Bob Okae	Kwania North	
17.	Hon. John Paul Lukwago Mpalanyi	Kyotera County	
18.	Hon. Sarah Opendi	DMP Tororo	
19.	Hon. Sam Kavuma (Maj. Gen)	UPDF Rep	
20.	Hon. Kyebakutika Manjeri	Jinja District	
21.	Hon. Mawanda Micheal. M	Igara East	

22.	Hon. Natumanya Flora	DWR Kikube	
23.	Hon. Kwezira Eddie Wagahungu	Bukimbiri County	
24.	Hon. Lematia John	Ayivu West County	
25.	Hon. Paparu Lillian Obiale	DWR Arua	
26.	Hon. Modoi Isaac	Lutseshe County	
27.	Hon. Ninsiima Boaz Kasirabo	Kooki County	
28.	Hon. Otiam Emmanuel Otaala	West Budama	
29.	Hon. Rutahigwa Elisa	Rukungiri Municipality	
30.	Hon. Ruyonga Joseph	Hoima West County	
31.	Hon. Nsegumire Muhammad Kibedi	Mityana North	
32.	Hon. Begumisa Mary	DWR Ssembabule	
33.	Hon. Kugonza Emely	Bunyaja East County	
34.	Hon. Lolem Micah Akasile	Upe County	
35.	Hon. Lokwang Hillary	Ik County	
36.	Hon. Mugabi Susan	DWR Buvuma	
37.	Hon. Lukyamuzi David K	Busujju County	
38.	Hon. Nabukenya Brenda	DWR Luweero	
39.	Hon. Kyebakutika Manjeri	Jinja District	
40.	Hon. Mpuuga Mathias	Nyendo-Mukungwe County	
41.	Hon. Chemutai Everlyn	DWR Bukwo	
42.	Hon. Aogon Silas	Kumi Municipality	
43.	Hon. Zijjan David Livingstone	Butembe County	
44.	Hon. Museveni William	Buwekula County North	

45.	Hon. Kinyamatama Suubi Juliet	DWR Rakai	
-----	-------------------------------	-----------	---

