THE REPUBLIC OF UGANDA

TREASURY MEMORANDUM

ON THE REPORT OF PARLIAMENT ON THE REPORT OF THE AUDITOR GENERAL FOR THE FINANCIAL YEAR 2023/24

VOLUME IV

PUBLIC UNIVERSITIES AND REFERRAL HOSPITALS

PRESENTED BY

THE HON. MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

MARCH 2026

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ABBREVIATIONS AND ACRONYMS

AEO	Authorised Economic Operators
ARV	Antiretroviral Drug
ASYCUDA	Automated System for Customs Data
BC	Business Continuity
Bn	Billion
BoU	Bank of Uganda
BWIMS	Bonded Warehouse Information Management System
CDC	Centres for Disease Control and Prevention
CDO	Cotton Development Organisation
CFR	Central Forest Reserve
CID	Criminal Investigations Directorate
CIP	Compliance Improvement Plan
CNDPF	Comprehensive National Development Framework
CoC	Certificate of Compliance
COSASE	Commissions, Statutory Authorities and State Enterprises
Covid-19	Coronavirus Disease
CSC	City Service Commission
DDA	Dairy Development Authority
DGF	Democratic Governance Facility
DLB	District Land Board
DLG	District Local Government
DR	Disaster Recovery
DSC	District Service Commission
DTS	Digital Tracking Solution
EAC	East African Community
EC	Electoral Commission
ECCMIS	Electronic Court Case Management Information System
EDMS	Electronic Document Management System
EFRIS	Electronic Fiscal Receipting & Invoicing Solution
EIA	Environmental Impact Assessment
EMIS	Education Management Information System
EOC	Equal Opportunities Commission
ERP	Enterprise Resource Planning
FIA	Financial Intelligence Authority

FMD	Foot and Mouth Disease
FY	Financial Year
GBP	Great British Pound
GFMIS	Government Financial Management Information Systems
GoU	Government of the Republic of Uganda
GPA	Gross Payments Account
HCM	Human Capital Management
HESFB	Higher Education Students' Financing Board
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HLG	Higher Local Government
HSC	Health Service Commission
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICT	Information and Communications Technology
IDI	Infectious Diseases Institute
IFMS	Integrated Financial Management System
IFRS	International Financial Reporting Standards
IHMIS	Integrated Hospital Management Information System
ILMIS	Integrated Loan Management Information System
IPC	Interim Payment Certificate
IPPS	Integrated Personnel and Payroll System
IT	Information Technology
JICA	Japan International Cooperation Agency
JSC	Judicial Service Commission
JVA	Joint Venture Agreement
KCCA	Kampala Capital City Authority
Km	Kilometre
LC	Letters of Credit
LG	Local Government
LGFC	Local Government Finance Commission
LLG	Lower Local Government
LLIN	Long-Lasting Insecticidal Nets
M&E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MBPS	Megabits Per Second
MCC	Milk Collection Center

MDA	Ministries, Departments and Agencies
MDALG	Ministries, Departments, Agencies and Local Governments
Mn	Million
MoES	Ministry of Education and Sports
MoFPED	Ministry of Finance, Planning and Economic Development
MoH	Ministry of Health
MoICT&NG	Ministry of Lands, Housing and Urban Development
MoJCA	Ministry of Justice and Constitutional Affairs
MoLHUD	Ministry of Lands, Housing and Urban Development
MoPS	Ministry of Public Service
MoTIC	Ministry of Trade, Industry and Cooperatives
MoU	Memorandum of Understanding
MoU	Memorandums of Understanding
MoWT	Ministry of Works and Transport
MTEF	Medium-Term Expenditure Framework
MTR	Mid-Term Review
NAADS	National Agricultural Advisory Services
NAGRC&DB	National Animal Genetic Resources Centre and Data Bank
NARO	National Agricultural Research Organisation
NBI/EGI	National Data Transmission Backbone Infrastructure/E-Government Infrastructure
NCDC	National Curriculum Development Centre
NDA	National Drug Authority
NDP	National Development Plan
NEF	National Environment Fund
NEMA	National Environment Management Authority
NFA	National Forestry Authority
NIN	National Identification Number
NIRA	National Identification Registration Authority
NITA-U	National Information Technology Authority - Uganda
NL&GRB	National Lotteries and Gaming Regulatory Board
NMS	National Medical Stores
NMTS	National Meteorological Training School
NPA	National Planning Authority
NPC	National Population Council

NSC	National Standards Council
NSSF	National Social Security Fund
NTR	Non-Tax Revenue
NWSC	National Water and Sewerage Corporation
ODPP	Office of the Director of Public Prosecutions
PAC	Public Accounts Committee
PAP	Project Affected Person
PAU	Petroleum Authority of Uganda
PAYE	Pay as You Earn
PBS	Programme Budgeting System
PCA	Parish Coffee Advisor
PDM	Parish Development Model
PDMIS	Parish Development Management Information System
PFMA	Public Finance Management Act
PFMR	Public Finance Management Regulations
PIAP	Programme Implementation Action Plan
PPDA	Public Procurement Disposal of Public Assets
PPR	Peste des Petits Ruminants
PROCAMIS	Prosecution Case Management Information System
PS/ST	Permanent Secretary/Secretary to the Treasury
PSC	Public Service Commission
PVoC	Pre-Export Verification of Conformity
PWD	Persons with Disabilities
RAPEX	Rationalisation of Agencies and Public Expenditure
SACCO	Savings and Credit Cooperative Organisation
SDLC	Systems Development Lifecycle
TB	Tuberculosis
TIN	Tax Identification Number
TREP	Taxpayer Registration and Expansion Program
UBOS	Uganda Bureau of Statistics
UBTEB	Uganda Business and Technical Examination Board
UCDA	Uganda Coffee Development Authority
UDC	Uganda Development Corporation
UEPB	Uganda Export Promotion Board
UESW	Uganda Electronic Single Window
UFZA	Uganda Free Zones Authority
UGX	Uganda Shilling
UHRC	Uganda Human Rights Commission

UIA	Uganda Investment Authority
UIRI	Uganda Industrial Research Institute
ULC	Uganda Land Commission
ULRC	Uganda Law Reform Commission
UMRA	Uganda Microfinance Regulatory Authority
UNBS	Uganda National Bureau of Standards
UNCST	Uganda National Council for Science & Technology
UNMA	Uganda National Meteorological Authority
UNMEB	Uganda National Medical Examination Board
UNRA	Uganda National Roads Authority
UNSA	Uganda National Students' Association
UPPC	Uganda Printing and Publishing Corporation
URA	Uganda Revenue Authority
URBRA	Uganda Retirements Benefits Regulatory Authority
URF	Uganda Road Fund
URSB	Uganda Registration Services Bureau
USD	United States Dollar
USPCL	Uganda Security Printing Company Limited
UTB	Uganda Tourism Board
UVRI	Uganda Virus Research Institute
VAT	Value Added Tax
WHT	Withholding Tax

GLOSSARY OF KEY TERMS

Academic Information Management System (AIMS): It is an Integrated Information System locally designed and customised to meet the unique needs of the educational institutions (with special emphasis on colleges and universities).

Absorption of Funds: This refers to the proportion of funds released by the Central Government that an entity has spent, or, simply, how much of the budgeted funds have been spent.

Accounts Payable: This refers to the amount of an entity's short-term obligation to pay for goods and services which the entity procured on credit. It includes payroll liabilities, third-party liabilities and other payables.

Approved Budget: The budget appropriated by the Parliament of the Republic of Uganda, normally enacted in May of the preceding Financial Year.

Chart of Accounts: This is a list of accounts set up for an organisation, available for recording transactions in the organisation's books. This forms the basis for the detailed budget estimates.

Commitment: In the context of a vote, this means entering into a contract or other binding arrangement that creates a future expense or liability.

Contingent Asset: This means a possible asset that arises from past events and whose existence shall be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability: This is a possible obligation that arises from past events and whose existence shall be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity; or

a present obligation that arises from past events but is not recognised because: it is not probable that an outflow of resources embodying

economic benefits or service potential shall be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Domestic Arrears: These are financial obligations due but remain unpaid beyond the financial year in which they were incurred. Domestic arrears may be categorised by type of expenditure, such as compensation, court awards, contributions to international organisations, rent, utilities, salary, gratuity, pensions, finance costs, goods/services, and taxes payable.

Electronic Government Procurement (e-GP): On 1st July 2021, the government rolled out the Electronic Government Procurement System (e-GP) to selected entities as a pilot project. The e-GP is a web-based tool used for public procurement and disposal. It uses information and communication technology (ICT) to conduct the end-to-end government procurement and disposal process online. It involves all stages, from procurement planning, bidding, evaluation, award, contract management, invoicing, and payment for supplies, works, and services. The objective of automating public procurement is to minimise human interference and related manipulation of the process, while delivering enhanced value for money.

Electronic Tax (e-Tax): It is an Integrated Tax Administration System that provides online services to taxpayers 24 hours a day, making it easy for them to fulfil their tax obligations.

Entity: This includes a vote, a fund, a body corporate, and other organisations and groups of persons.

Expenditure limit: This means an amount of a provision under the annual or supplementary estimates that has been allocated to a quarter by a quarterly or special expenditure authorisation.

Expenditure: Actual spending by a Ministry, Department, Agency or Local Government.

Human Capital Management (HCM): This is an automated human resource management system that transforms the traditional administrative functions of human resources (HR) departments—recruiting, training, payroll, compensation, and performance

management— into opportunities to drive engagement, productivity, and business value. This system is used to manage government workers and ensure that human resources are properly managed and supported to improve service delivery.

Integrated Financial Management System (IFMS): An integrated system that captures all accounting processes from budgeting, payment processing, through to reporting. Since its implementation in 2003, it has been fully implemented in 23 Ministries, 66 Agencies, 13 Universities, 22 Regional Referral Hospitals, 36 Missions, 10 Cities, 31 Municipal Councils, and 135 Local Governments. Using the new chart of Accounts, the IFMS was upgraded to align with the NDP programme approach. Microsoft Navision (NAV) is the IFMS version for Uganda's foreign missions (Embassies, High Commissions and Consulates).

Integrated Personnel and Payroll System (IPPS): It is a computerised, automated government Human Resource Management System. This system is being phased out and replaced by the Human Capital Management system (HCM).

Integrated Revenue Administration System (IRAS): It is a web and mobile application platform used by Local Governments to collect local revenue, starting with registration, assessment, billing, and payment. Government's objective is to strengthen the Local Government's revenue administration capacity by leveraging digital technology.

Item: This is the lowest operational level of the budget, and represents the resources necessary to carry out activities, for example. staff salaries, travel inland, printing and stationery.

Key Performance Indicators: These measure the performance of Programme Key Outputs, e.g. No. of Kms of road constructed.

Letter of Credit: This is a written undertaking by the bank (the issuing bank) given to the supplier (the beneficiary) upon a request from the purchaser (the applicant) and according to his or her instructions to pay a specified amount of money on an agreed fixed date or on the delivery of certain documents.

Programme Budgeting System (PBS): It is an online system used by all votes whose budgets are appropriated by Parliament for planning, budget preparation, budget execution, and reporting on budget performance in a given financial year. It interfaces with other government systems, such as IFMS and OTIMS.

Parish Development Model (PDM): This is a government-led initiative designed to drive socio-economic transformation at the grassroots level by using the parish (the lowest administrative unit) as the epicentre for planning, service delivery, and community development. It was launched by the President in February 2022 as part of efforts to reduce poverty, increase household incomes, and transition communities from subsistence livelihoods into the money economy.

Programme: This is a group of institutions (votes) or parts of institutions that contribute to a common function, for example. Human Capital Development.

Reallocation: This is the transfer of budget funds from one vote to another, especially in circumstances where the functions of a vote are transferred to another, and the funds have to follow the functions.

Secretary to the Treasury: This means a person appointed as such under Section 11 of the Public Finance Management Act, Cap 171.

Supplementary Budget: This is an in-year addition to a Ministry, Department, Agency, or Local Government's approved budget. The supplementary budget is appropriated by Parliament during the financial year.

Treasury Single Account: This is a bank account held at the Bank of Uganda used by all Ministries, Departments, Agencies, and Local Government entities.

Uganda Consolidated Fund: This is the Government account(s) onto which all Government revenues are received, and from which money is withdrawn to fund all activities of Government.

Virement: This means the reallocation of funds within the budget of a vote, from one budget line to another budget line.

Vote: This is a unique reference used as the basis for appropriations by Parliament and accountability. A Vote usually relates to a Ministry, Department, Agency, or Local Government.

Warrant: This is an authority granted by the Minister responsible for Finance to a vote to withdraw funds from the Consolidated Fund as specified in section 32 of the Public Finance Management Act, 2015.

STATEMENT BY THE HON. MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

Rt. Hon. Speaker of Parliament,
Hon. Members of Parliament.

Rt. Hon. Speaker, Parliament passed resolutions on various Public Accounts Committee reports on the report of the Auditor General for the financial year ended 30th June 2024.

Rt. Hon. Speaker, Article 163 of the Constitution of the Republic of Uganda and Section 51 of the Public Finance Management Act, Cap. 171 requires the Minister responsible for Finance to submit a Treasury Memorandum detailing measures taken by each vote to implement the recommendations of Parliament.

This Treasury Memorandum presented before the House consists of six (6) volumes, namely:

Volume	I	–	Consolidated Financial Statements and Treasury Operations
Volume	II	–	Central Government Ministries
Volume	III	–	Uganda Missions Abroad
Volume	IV	–	Public Universities and Referral Hospitals
Volume	V	–	Local Governments
Volume	VI	–	Commissions, Statutory Authorities and State Enterprises

I thank Parliament for considering the report of the Auditor General and for carrying out its oversight role in ensuring that public funds are managed responsibly. The Executive reaffirms its commitment to the timely conclusion of the Public Financial Management accountability cycle.

Matia Kasaija (MP)
MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

STATEMENT BY THE PERMANENT SECRETARY/SECRETARY TO THE TREASURY

Section 10(2)(m) of the Public Finance Management Act, Cap. 171 requires the Secretary to the Treasury to prepare a Treasury Memorandum. Section 51 of the same Act specifies that a Treasury Memorandum shall contain measures taken by each vote to implement the recommendations of Parliament.

In pursuit of the above legal provisions, this Treasury Memorandum has been prepared in six (6) volumes and below are the highlights of the recommendations of Parliament and measures taken to address them:

A. Cross-Cutting Issues

1) Change in Accounting Treatment for Non-Current Assets

The Fixed Assets Module (FAM) of the Financial Management System (IFMS) was re-engineered to support the journey to accrual accounting.

Historical asset data was loaded into the FAM, and a comprehensive asset register for the whole of Government is now in place. The change resulted in a revision to the accounting treatment of non-current assets.

The change in accounting treatment for non-current assets was initially piloted during FY 2022/23 in five (5) votes, namely the Ministry of Defence and Veteran Affairs; the Uganda Police; the Internal Security Organisation; the External Security Organisation; and Kalungu District Local Government.

The change in accounting policy for non-current assets was subsequently rolled out to all Local and Central Government votes in FY 2023/24 and completed in FY 2024/25. This means that all non-current assets of Government are recognised/recorded on the face of the Statement of Financial Position.

2) Implementation of the Item Master Restrictions

To support the above change and the management of assets, effective 1st July 2026, the GoU will implement item master restrictions, starting with the capital development budget. An item master is a centralised database within an Enterprise Resource Planning system, such as the Integrated Financial Management System; it is an inventory system that contains detailed, accurate, and structured information about every product, service, or raw material an organisation handles.

The item master will be enforced for capital expenditure items in the PFM systems of PBS, IFMS, and e-GP. The Item Master will ensure that work plans and budgets are implemented as intended and properly appropriated.

Training is ongoing country-wide for the item master implementation across both central and local Government entities.

3) Management of Non-Tax Revenue

The report of Parliament highlighted instances of under- or over-budgeting of non-tax revenue by entities. Some of these non-tax revenue budgets were not supported by underlying historical data.

To ensure credible revenue projections and to avoid mid-year corrections and supplementary budget requests, Accounting Officers have been requested to submit detailed, realistic source-by-source revenue forecasts to the Ministry of Finance, Planning and Economic Development for validation. You are further required to outline the key reforms and assumptions to improve non-tax revenue collections.

Section 27 of the Public Finance Management Act, Cap. 171 mandates the remittance of all Non-Tax Revenue collected by Votes to the Uganda Consolidated Fund. Accounting Officers have been reminded to comply with this provision of the Public Finance Management Act, Cap. 171.

Non-tax revenue collections against set targets will be one of the parameters for assessing the performance of Accounting Officers for non-tax revenue-collecting institutions.

Accordingly, performance contracts for Accounting Officers of non-tax revenue-collecting entities have been updated. Accounting Officers should ensure that NTR collections are in line with the annual budget forecast as approved by Parliament.

The Integrated Revenue Administration System (IRAS) has been implemented across all Local Governments to facilitate budgeting and revenue collection. The Ministry of Finance, Planning and Economic Development undertook consultative meetings with all votes to determine realistic non-tax revenue budgets.

4) Utilisation of the Wage, Pensions and Gratuity Budgets

The performance of the Wage, Pensions and Gratuity Budgets continues to pose a challenge to Government. One of the key recommendations of the special audit of the payroll by the Auditor General was the full

integration of the Human Capital Management (HCM) system with the Integrated Financial Management System (IFMS).

The Government, through the Ministry of Public Service, has deepened the rollout of the Human Capital Management system to replace the Integrated Personnel and Payroll System. The Human Capital Management system offers more robust payroll management features, including salaries, retirement, transfers, and pensions, and this information feeds into the budgeting and payment process for salaries.

Government reiterates its commitment to enhancing the salaries and pensions of civil servants and ensuring they are paid by the 28th of each month.

5) Settlement of Domestic Arrears

Parliament has consistently and correctly recognised the persistent increase in domestic arrears despite various Government interventions. This is further obscured by some Accounting Officers concealing domestic arrears and paying these arrears that were previously neither disclosed nor budgeted for, leading to the diversion of funds and the crowding out of services planned for the year.

It is the duty of Accounting Officers to ensure that budget implementation occurs effectively, adhering to both approved work plans and budgetary constraints, to prevent the accumulation of new arrears.

A phased approach has been adopted to eliminate domestic arrears over the next three (3) financial years. This was informed by a verification conducted by the Auditor General to ensure only confirmed/verified domestic arrears are considered for settlement.

Payments will prioritise suppliers of goods/services in the following categories: statutory obligations; contractors for infrastructure, energy and water; taxes/deductions; utilities; and compensations under the Uganda Land Commission, the Ministry of Lands, Housing and Urban Development, and the Ministry of Justice and Constitutional Affairs.

In financial year 2025/26, UGX 1.4Tn has been allocated for payment of domestic arrears. The Ministry has instituted the following measures:

i) Sanctioning Accounting Officers for the creation of new domestic arrears by not renewing their contracts as Accounting Officers;

ii) Accounting Officers should not sign any new contracts without confirmation of the availability of resources.

Accounting Officers have been reminded in their appointment letters of their duty to ensure proper utilisation of appropriated budget in line with the approved work plans.

6) Implementation of Approved Work Plans and Activities

The report of Parliament also highlighted instances of partial or non-implementation of approved work plans across several entities.

During budget implementation, Accounting Officers are required to submit quarterly budget performance reports. Expenditure limits are communicated based on the work plans, performance of the previous quarter and the actual cash projections of Government.

Accounting Officers have also been directed to put in place robust monitoring and evaluation frameworks to enable real-time tracking of the execution of ongoing projects. In addition, Accounting Officers were advised to re-scope ongoing projects and activities to address bottlenecks that lead to time and cost overruns.

B. Specific Issues

Uganda Missions Abroad

7) Operationalisation of the Economic and Commercial Diplomacy Strategy

The Economic and Commercial Diplomacy Strategic Plan has been fully rolled out for implementation, enabling Missions abroad to contribute to the Tenfold Growth Strategy.

Accordingly, this Ministry will continue working closely with the Ministry of Foreign Affairs and the National Planning Authority to support the Missions Abroad in fully integrating their Economic and Commercial Diplomacy interventions into the Programme Implementation Action Plans and the Mission Strategic Plans.

The Economic and Commercial Diplomacy funding is results-based, and consequently, the budget allocations are guided by:

i) Strategic positioning of Missions with regard to economic potential
ii) Implementation performance
iii) Prevailing conditions for implementing activities

8) Exchange Rate fluctuations/Loss of Poundage

Releases to Missions were hitherto transferred in United States dollars on a quarterly basis, which often resulted in a loss of poundage due to foreign exchange rate fluctuations, thereby affecting the implementation of activities.

As a mitigation measure, the release of funds to Missions has been changed to a semi-annual basis and in several major currencies, such as the United States dollar, the euro, the British pound and the Danish krone to hedge against loss of poundage and to enable Missions to meet obligations which require one-off payments, such as rent.

However, the Missions have been advised to continue holding quarterly finance committee meetings to agree on the priority areas of expenditure before the warrants are issued. Once warrants are issued, the Finance Committee meets to review progress.

Public Universities and Referral Hospitals

9) Off-Budget Financing

Off-budget financing continues to persist, especially amongst Public Universities, Referral Hospitals, and Specialised Health Facilities.

The Programme Budgeting System was upgraded with features that make it mandatory for Accounting Officers to declare known and/anticipated external financing during the budgeting process.

Accounting Officers have also been notified not to accept any external financing without prior authorisation from the Minister responsible for Finance.

10) Status of Medical Equipment

The report highlighted that hospitals lacked specialised personnel to operate medical machines, often leaving these machines idle. This is an indication of poor human resource planning as health facilities acquired machines without due regard to the existence of personnel to operate them. In addition, the maintenance of medical equipment was either lacking or inadequate. Idle/non-functional medical equipment denies the community proper health services.

Government adopted the policy of using the Placement Method in the acquisition of medical equipment as opposed to outright purchase of viable medical equipment, such as laboratory and dialysis equipment.

The Ministry of Health should take lead to address the recruitment and placement of health workers at the various health facilities with the appropriate skill sets to operate the machines.

The budget allocation for medical equipment maintenance at health facilities will continue to be addressed through the Government appropriation processes.

Commissions, Statutory Authorities and State Enterprises

11) Rationalisation of Government Agencies and Public Expenditure

H.E. the President assented to 34 RAPEX Bills. The rationalised institutions/functions and their respective budgets have been transferred to the receiving Votes or departments. All Accounting Officers have been advised to ensure that the new functions are fully operationalised.

Ramathan Ggoobi
PERMANENT SECRETARY/SECRETARY TO THE TREASURY

PART ONE: PUBLIC UNIVERSITIES

1.0 General Observations

Query	Budget Performance

The Auditor General reported that several Public Universities experienced revenue shortfalls resulting from under release of funds by MoFPED as illustrated in the table 1 below:

Table 1: Showing Budget Performance in Public Universities and Tertiary Institutions

S/No	Institution	Approved Budget (UgxBn)	Warrants (UgxBn)	Unwarranted (Ugx - Bn)	warrants Performance(%ge)	Unwarranted Performance (%Auditor Generale)
1	Kyambogo Univ	138.48	135.77	2.71	98.04%	1.96%
2	MUBS	120.38	117.53	2.85	97.63%	2.37%
3	Makerere Univ	364.20	362.62	1.58	99.57%	0.43%
4	Gulu Univ	68.65	68.52	0.13	99.81%	0.19%
5	UMI	42.02	40.29	1.73	95.88%	4.12%
6	Kabale Univ	67.13	66.59	0.54	99.20%	0.80%
7	Lira Univ	35.78	35.25	0.53	98.52%	1.48%
8	Muni Univ	31.64	30.44	1.20	96.21%	3.79%
9	MUST	60.39	57.55	2.85	95.29%	4.71%
10	Soroti Univ	26.72	26.21	0.51	98.09%	1.91%
11	BusitemaUniv	59.63	59.53	0.10	99.83%	0.17%
12	MMU	43.48	41.20	2.29	94.74%	5.26%
13	LDC	34.21	34.21	0.00	100.00%	0.00%
	Total	**1092.71**	**1075.71**	**17.02**	**98.4%**	**1,6%**

Source: Auditor General Report FY 2023/2024 and PBO computations.

The Accounting Officers attributed the shortfall to non-release of funds by the MoFPED as appropriated by Parliament.

Observation

The Committee observed that a total of UGX 17.02 BN remained unwarranted across the entities. For example, Mountain of the Moon, Mbarara University for Science and Technology, Uganda Management Institute and Muni University had the biggest percentage of unrealized budgets of 5.26%, 4.7% and 4.12% and 3.79% respectively as illustrated in the table 1 above.

The Committee further observed that shortfall in revenues implied that these Public Universities and Tertiary Institutions could not fully finance their activities, which in turn affected service delivery.

The Committee, however, commends Government for the 99% and 100% releases to, Busitema, Kabale, Gulu and Makerere Universities and LDC.
Recommendation
The Committee recommends; That MoFPED should provide adequate funding to the Public Universities and Tertiary Institutions as appropriated by Parliament to enable implementation of planned activities. That 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.
Action Status
Progress in improving release performance for institutions and continued adherence to planning frameworks, the n**ext Steps include to** ensure full and timely release of funds as appropriated by Parliament. The Accountant General has strengthened enforcement of Section 15(2) of the **Public Finance Management Act, Cap.171** to align releases strictly with approved cash flow plans. Established stronger monitoring and accountability mechanisms to track fund releases and utilization across institutions. Public Universities have enhanced internal planning and prioritize critical expenditures to mitigate the impact of funding shortfalls with Revenue management measures at individual entites.
Query **Budget Utilization of GoU Warrants**
The Auditor General reported that most of the Public Universities and Tertiary Institutions did not fully utilize or absorb all their warranted funds which translated into under-performance and non-implementation of some the planned activities which subsequently affected the achievement of the overall objective of the entities as illustrated in the **table 2** below.

Table 2: Showing Utilization of GoU warrants in the Public Universities and Tertiary Institutions

S/No	Institution	Approved Budget (UgxBn)	Warrants (UgxBn)	Utilized warrants (UgxBn)	Unutilized Warrants (UgxBn)	Warrants %Auditor Generale performance
1	Kyambogo Univ	138.48	135.77	134.38	1.39	98.98%
2	MUBS	120.38	117.53	115.10	2.43	97.93%
3	Makerere Univ	364.20	362.62	352.82	9.80	97.30%
4	Gulu Univ	68.65	68.52	68.50	0.02	99.97%
5	UMI	42.02	40.29	39.92	0.37	99.08%
6	Kabale Univ	67.13	66.59	66.00	0.59	99.11%
7	Lira Univ	35.78	35.25	30.68	4.57	87.04%
8	Muni Univ	31.64	30.44	30.38	0.06	99.80%
9	MUST	60.39	57.55	56.29	1.25	97.82%
10	Soroti Univ	26.72	26.21	25.80	0.41	98.45%
11	BusitemaUniv	59.63	59.53	59.42	0.11	99.81%
12	MMU	43.48	41.20	41.19	0.00	100.00%
13	LDC	34.21	34.21	34.21	0.00	100.00%
	Total	**1,092.71**	**1,075.71**	**1,054.69**	**21.00**	**1.92%**

Source: Auditor General Report FY 2023/2024 and PBO Computations

While interacting with the entities, majority of the Accounting Officers explained that the unutilized funds were mainly on the water bill, which resulted from the ban on recruitment by Public Service, transition of staff payroll and salary payment system to the Human Capital management system (HCM).

Observation

The Committee observed that under-absorption of funds did not only distort budgetary planning but also starved other deserving entities that fail to implement their plans because of inadequate financing.

The Committee noted that overall, UGX 21.0BN remained unutilized across the entities, which negatively influenced the performance of these Public Universities and Tertiary Institutions.

The Committee further noted that some of the under – absorbed funds was for pensioners' beneficiaries who had not been verified.

Recommendation

The Committee recommends: that the Accounting Officers should;

i) Strictly adhere to the annual budget performance contract signed with the PS/ST pursuant to Section 43(3) of the PFMA, 2015. The contract binds Accounting Officers to deliver on the activities in

the work plan of the vote for the FY submitted under section 12 (15) of the PFMA, 2015.

ii) Speed up identification and verification of pensioners to ensure prompt payment of the same.

Action Status

Ongoing alignment of payroll and salary systems to the Human Capital Management (HCM) system to streamline expenditure processing.

Efforts to address delays in pension payments through identification and verification of pension beneficiaries.

Continued implementation of budget performance frameworks guided by the Public Finance Management Act, 2015, including annual budget performance contracts with the PS/ST.

Query | **Performance of Non Tax Revenue**

The Auditor General audited the performance of Non Tax Revenue across Public Universities and Tertiary Institutions for the FY 2023/2024 and noted that most of the entities significantly under-performed in their NTR collections, in respect to their approved NTR targets except for Makerere University, Muni University, Kabale University and the Law Development Centre.

Table 3 Showing NTR performance across Public Universities and Tertiary Institutions.

S/No	Institution	NTR Approved Budget (a)	NTR Actual Collection (b)	Variance (a-b)	Performance (%)
1	Kyambogo Univ	77.146	57.893	19.253	75.04%
2	MUBS	56.231	43.638	12.593	77.60%
3	Makerere Univ	101.663	103.801	-2.138	102.10%
4	Gulu Univ	13.735	11.535	2.2	83.98%
5	UMI			0	0.00%
6	Kabale Univ	9.025	16.675	-7.65	184.76%
7	Lira Univ			0	0.00%
8	Muni Univ	2.185	2.653	-0.468	121.42%
9	MUST	15.818	14.392	1.426	90.98%
10	Soroti Univ	1.082	0.799	0.283	73.84%
11	BusitemaUniv			0	0.00%
12	LDC	13.5	14.069	-0.569	104.21%
13	MMU			0	0.00%
	Total	**290.585**	**265.542**	**25.043**	**91.38%**

Source: Auditor General Report FY 2023/2024 and PBO computations

While meeting the entities, some of the Accounting Officers, like Kyambogo University attributed under performance of NTR

collections to the after-effects of COVID19 that led the University to admit only 5,072 students on the main campus. He However expressed optimism that it would improve now that they had direct entry students. Others attributed under collection to an over - estimation in student's numbers and students who did not pay full amounts of fees at the end of the year.

Observation.

The Committee observed that Instruction 4.10.2 of the Treasury Instructions, 2017 requires planning and budgeting to be closely linked to the budget to reflect the entity's policies over the period covered and should represent a statement of intent Auditor General in which performance is measured. Therefore, not meeting budgeted targets for NTR undermines the importance of the entire budgeting process and affects the posting in the entity's accounts.

The Committee further observed that Universities run a risk of loss of revenue from students who do not pay full amounts of fees at the end of the year. This eventually results into bad debts, which denies the Universities resources for implementation of planned activities.

The Committee further observed that the MoFPED had been determining NTR estimates without consulting entities or considering their revenue potential, which is unfair because it distorts the entities planning and budgeting process.

Recommendation

The Committee recommends that;

i) The Accounting Officers should always prepare realistic budget targets for NTR, based on a trend analysis and institute mechanisms to ensure that all billed NTR (revenue) is fully collected during the period in which they relate, including maintaining zero fees balance policy.

ii) The MoFPED should continue holding NTR consultations with the respective NTR generating institutions in order to harmonise the NTR estimates and review proposals for new sources of NTR

Action Status

Some institutions have taken steps to improve enrolment, particularly through increased admission of direct entry students, aimed at boosting NTR collections.

Ongoing efforts to strengthen internal revenue collection mechanisms and reduce fee arrears.

Continued engagement between institutions and the Ministry of Finance, Planning and Economic Development on NTR projections and budget preparation processes.

NTR targets have been aligned with realistic revenue potential, in line with the Treasury Instructions, 2017.

Query | **Implementation of Outputs**

The Auditor General assessed the implementation of outputs that had been fully quantified and noted that several public universities had activities that were fully implemented, partially implemented or not implemented at all as illustrated in the table 4 below.

Table 4 Showing Implementation of Outputs by Public Universities and tertiary Institutions for FY2023/24

Entity	Total outputs	Fully implemented	Partially Implemented			Un implemented outputs
Kabaale University	A total of 6 outputs with 12 activities worth UGX.6.27Bn were assessed	Five (5) outputs with 8 activities worth UGX.4.77Bn were fully implemented as indicated in the 4th quarter performance report. The activities were however not broken down to individual activities to enable their assessment.	One (1) output with 4 activities worth UGX.1.5Bn was partially implemented			
			3 activities worth UGX. 1.25Bn were fully implemented		1 activity worth UGX. 0.25Bn was not implemented	
Gulu University	A total of 49 outputs with 489 activities worth UGX	28 outputs with 235 activities and expenditure	Twenty-one (21) outputs with 254 activities worth UGX 12.80 Bn were partially implemented			

	68.52 Bn were assessed	worth UGX 55.72 Bn were fully implemented.	the University fully implemented two hundred and two (202) activities	twenty-two (22) activities were partially implemented	twenty-two (22) activities remained unimplemented, while eight activities (8) were not quantified	
Busitema University	A total of 17 outputs with 66 activities worth UGX.12.075Bn were assessed	Two 2 outputs with 4 activities and expenditure worth UGX.1.15Bn were fully implemented	Fifteen (15) outputs with 62 activities worth UGX.10.925Bn were partially implemented			
			the entity fully implemented Thirty-two (32) activities worth UGX.6.687Bn	twenty-three (23) activities worth UGX.3.975Bn were partially implemented	eighteen (18) activities worth UGX.0.263 Bn remained unimplemented.	
Kyambogo University	A total of 45 outputs with 526 activities worth UGX 134.38Bn were assessed	5 outputs with 25 activities and expenditure worth UGX 9.56Bn were fully implemented	Thirty-nine (39) outputs with 500 activities worth UGX 124.82Bn were partially implemented			One (1) output (Research innovation & technology transfer) with one (1) activity (six research publications produced) worth UGX 0.011Bn was not implemented at all.
			the entity fully implemented one hundred eighty two (182) activities worth UGX 75.78Bn	sixty-five (65) activities worth UGX 21.26Bn were partially implemented	two hundred forty three (243) activities worth UGX 16.68Bn remained unimplemented, and ten (10) activities worth UGX 0.028Bn were not quantified.	
Lira University	A total of 25 outputs with 101 activities worth UGX.13.46Bn included in the workplan were assessed	Nineteen (19) outputs, with 74 activities and expenditure worth UGX 11.61Bn were fully implemented	Six (06) outputs with 27 activities and expenditure worth UGX 1.85Bn were partially implemented			
			the entity fully implemented thirteen (13) activities worth UGX 1.79Bn	Thirteen (13) activities worth UGX 0.04Bn were partially implemented	one (01) activity (Procurement of graduation gowns) worth UGX 0.02Bn remained	

					unimplemented.	
Mountains of the Moon University	A total of 11 outputs with 24 activities worth UGX.7.416Bn were assessed	Ten (10) outputs with 22 activities worth UGX.7.087Bn were fully implemented	One (1) output with 2 activities worth UGX.0.328Bn was partially implemented			
			the entity fully implemented one (1) activity worth UGX.0.114Bn	one (1) activity worth UGX.0.214Bn was partially implemented		
Makerere University	A total of 31 outputs with 290 activities worth UGX.352.82Bn were assessed	Eight (8) outputs with 25 activities and expenditure worth UGX.224.82Bn were fully implemented	Twenty-three (23) outputs with 265 activities worth UGX.128.00Bn were partially implemented			
			the University fully implemented one hundred thirty nine (139) activities worth UGX.68.89Bn	seventy-three (73) activities worth UGX.16.84Bn were partially implemented	The AUDITOR GENERAL could not assess the implementation of fifty-three (53)** activities worth UGX.29.20Bn (Appendix 4) due to non-quantification and costing of activities.	
Muni University	A total of 33 outputs with 132 activities worth UGX.26.86Bn were assessed	13 outputs with 39 activities and expenditure worth UGX.0.87Bn were fully implemented.	Twenty (20) outputs with 93 activities worth UGX.25.99Bn were partially implemented.			
			the University fully implemented sixty (60) activities worth UGX.16.75Bn	19 activities worth UGX.5.63Bn were partially implemented	fourteen (14) activities worth UGX.3.59Bn remained unimplemented	
Mbarara University of	A total of 20 outputs with 58 activities worth	Eleven (11) outputs with 31 activities	Nine (9) outputs with 27 activities worth UGX.4.379Bn were partially implemented.			

Science and Technology	UGX.6.981Bn were assessed	and expenditure worth UGX.2.602Bn were fully implemented	the entity fully implemented fourteen (14) activities worth UGX.1.6Bn	eleven (11) activities worth UGX.2.616Bn were partially implemented	two (2) activities worth UGX.0.163Bn were not implemented at all.	
Soroti University	A total of 17 outputs with 93 activities worth UGX. 4.3Bn were assessed	Six (6) outputs, with 32 activities worth UGX.0.186Bn, were fully implemented	Eleven (11) outputs with 61 activities worth UGX.4.118Bn were partially implemented			
			the entity fully implemented thirty-one (31) activities worth UGX.1.667Bn	thirty (30) activities worth UGX.2.452Bn were partially implemented	no activities remained unimplemented	
Makerere University Business School	A total of 43 outputs with 199 activities worth UGX 115.10Bn were assessed	Fourteen (15) outputs with 59 activities and expenditure worth UGX 93.43Bn were fully implemented	Twenty-eight (28) outputs with one hundred and forty (140) activities worth UGX 21.68Bn were partially implemented.			
			the entity fully implemented eighty-two (82) activities worth UGX 17.88Bn	forty one (41) activities worth UGX 3.78Bn were partially implemented	Seventeen (17) activities worth UGX 0.02Bn remained unimplemented.	
Uganda ManAuditorGeneralement Institute	The AUDITOR GENERAL sampled fourteen (14) outputs with seventy-two (72) activities worth UGX 8.74Bn	Six (06) outputs with thirty-two (32) activities and expenditure worth UGX 3.85Bn were fully implemented	Seven (07) outputs with thirty-nine (39) activities and expenditure worth UGX 4.59Bn were partially implemented			One (01) output with one (01) activity worth UGX 0.30Bn was not implemented at all.
			the entity fully implemented twenty (20) activities worth UGX 4.50Bn	Seven (07) activities worth UGX 0.078Bn were partially implemented	Twelve (12) activities worth UGX 0.016Bn remained unimplemented.	
Law Development Centre	assessed the extent of implementation of all the 11 outputs with 87 activities worth UGX.34.14Bn	Ten (10) outputs with 78 activities and expenditure worth UGX.33.04Bn were fully implemented	One (1) output with nine (9) activities worth UGX.1.09Bn was partially implemented.			
			six (6) activities worth UGX.0.99Bn were fully implemented	three (3) activities worth UGX.0.10Bn were partially implemented		

Source: Auditor General report FY 2023/2024

A review of the entities' Financial Statements by the Committee revealed that for partially implemented activities despite receiving funding, funds had been diverted to other activities, which were not budgeted for, including paying for domestic arrears. For example, the Committee observed that,

i) MUBS diverted UGX 7.672bn
ii) Kyambogo University diverted UGX 9.709bn

iii) Law Development Center diverted 0.217bn.

Acconting Officers attributed these diversions to inadequate budgets for domestic arrears and explained that they were following a Budget Call Circular by the PSST allowing domestic arrears to take a first call on the budget.

The Committee observed that the Accounting Officers either failed to follow guidelines or had misinterpreted the Circular by the PSST. The Committed noted that the PSST, in his circular, referred to payments of domestic arrears for which where funds had been provided for in the budget, and not any other.

The Committee further observed that diversion of funds is an offence as described under section 77(q) of the PFMA. It also negatively affects the delivery of services and negates the purpose of budgeting. This practice could potentially lead to accumulation of more domestic arrears and/or non-implementation of the budgeted/planned activities thereby compromising on the delivery of quality service.

Recommendation

The Committee recommends that,

i) The Accounting Officers that diverted funds be held liable as described under section 77(2) of the PFMA,

ii) Government should consider amending the relevant laws to include domestic arrears as part of statutory obligation and be made the first call at budgeting.

Action Status

Enforce accountability measures held responsible Accounting Officers liable in accordance with Section 87(2) of the Public Finance Management Act, 2015 a case of MUBS and Soroti University with matters in Court.

Strengthened compliance with budget execution guidelines to prevent unauthorized diversion of funds.

Clarified and enforced interpretation of Budget Call Circulars issued by the PS/ST to avoid misuse.

Government is amending relevant laws to classify domestic arrears as a statutory obligation and prioritize them appropriately during budgeting.

Enhanced monitoring and evaluation systems to ensure that all planned outputs are implemented as approved and funded.

SPECIFIC OBSERVATIONS AND RECOMMENDATIONS.

1.1 Kyambogo University

Query | **Budget Performance**

The Auditor General reported that out of the approved budget of UGX 138.48Bn for the university, total warrants for the year amounted to UGX 135.77Bn as summarized in the table below.

Table 1: Summary analysis of entity budget

No	Budget category	Total Revised Budget (UGX. Bn)	% Proportion of total revised budget (%)	Warrants (UGX. Bn)
1	Recurrent (Wage)	72.80	52%	72.30
2	Recurrent(Non-wage)	61.97	45%	59.75
3	Development	3.71	3%	3.71
	Total	**138.48**		**135.76**

Source: Extract from Kyambogo University Budget

Out of the approved budget of UGX 138.48Bn, the University received total warrants amounting to UGX 135.76Bn, resulting in a shortfall of UGX 2.72Bn representing 98% performance. The UGX 2.72Bn that was not warranted was meant for activities such as Printing, Stationery, Photocopying and Binding.

Observation

The Committee noted that failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The activities affected are all crucial in the achievement of the overall performance of the University.

Recommendation

The Committee recommends that

i) the Government, through MoFPED should release all funds as allocated in the budget to avoid distortion.

ii) The Accounting Officer should ensure that all affected activities are budgeted for in the subsequent financial year.

Action Status

i) All the activities that were affected by the budget cut were included in the subsequent budget and implemented.

ii) For the financial year 2024/25, the PS/ST released 100% of the appropriated budget.	
Query	**Payment of Un-budgeted for Domestic Arrears**
The Auditor General's review of the cash flow statement and the expenditure file revealed that the entity paid a total of UGX 9.8Bn to clear domestic arrears. However, the approved budget estimates for the FY under review showed that only UGX 0.093Bn had been budgeted for domestic arrears. The Audit further observed that the University diverted a total of UGX 9.7Bn from the current year's budget to pay domestic arrears that were not budgeted for, implying that the budgeting process did not consider the domestic arrears a priority, which affects implementation of current year's planned activities. The Accounting Officer explained that included in the paid domestic arrears were allowances for part-time teaching staff, water, and other service providers of which non-payment would negatively affect service provision. He explained that they had continued to engage the Ministry of Finance Planning and Economic Development (MoFPED) for more funding and had stayed payment of part time teaching claims from the new budget until MoFPED releases more funds for this purpose. This has however brought many disgruntlements among the part time teaching staff where some of them refuse to hand in results. **Observation.** The Committee observed that creation and accumulation of arrears reflects serious fiscal indiscipline, such as weaknesses in the internal control system, and management inefficiency in the institution. This continuous creation of arrears jeopardizes the overall credibility of the budgetary process. The Committee observed that the Accounting Officer flaunted section 20 (2) of the PFAM Act CAP 17, and therefore committed an offence as prescribed by the same act.	
Recommendation	
The Committee recommends: a) The Accounting Officer should be held liable for flaunting Section 20(2) of the PFMA Act.	

b) That MoFPED should provide adequate budget to cater for domestic arrears and ensure full release of the same.

Action Status

The vote received UGX 93Mn for domestic arrears which was extremely inadequate. On the other hand, part time teaching staff withheld students results on condition of receiving their payments, denying the students who were due to graduate and also threatening legal action. Management tries to engage them but it is not a sustainable solution.

In the meantime, Management has undertaken the following measures;

i) Has stopped paying outstanding arrears of the part time teaching staff in compliance with the audit observation.
ii) Has requested Ministry of Finance, Planning and Economic Development and Ministry of Public Service for additional wage to be able to address this issue of relying on part-time teaching staff.
iii) During budgeting, special attention is put to providing adequate funds to cater for part-time teaching wages and utilities.

Query	**Failure to Install and Operationalize the Printery at School of Built Environment**

The Auditor General noted that the University had received printery equipment in 2018, but it had never been commissioned to date and that management could not avail the cost of the equipment.

The Accounting Officer explained that the equipment needed a three-phase power supply that they didn't have at the time. He stated that during FY 2024/2025, funds worth UGX.0.05Bn had been provided under the retooling budget for installation of the three (3)-phase power line that will assist in the operationalization of the printery.

Observation

The Committee observed that the equipment could become obsolete due to changes in technology and wear and tear with time. The Committee further observed that the University continued to incur cost of printing because of non-utilization of the equipment.

The Committee further observed that the University on annual basis incurred UGX 1.5bn on printing services and yet the cost of installing the three-phase power line to operationalize the printer was only UGX 50 million. This is a nugatory expenditure.

Recommendation

The Committee recommends that,

i) The Accounting Officer should be held liable for incurring nugatory expenditure on printing services.
ii) The Accounting Officer prioritizes the commissioning of the printery without further delay to avoid further depreciation of the machinery.

Action Status

Management clarifies that the machine in question was not for office printing services but for training purposes.

In addition to the three –phase power line, there were no trained technicians to operate it. However, going forward, the following has been done;

i) The three-phase power line was installed and the machine tested as reported by the Accounting Officer.
ii) In the FY 2024/25, the University recruited technicians who are to be trained during this current FY 2024/25.
iii) An assessment of the user requirements has been made for the machine to be commissioned for training purposes.
iv) Evaluating the possibility and cost implication of repurposing the machine as per the recommendation.

Query	**Students' Halls of Residence and West-End Main Hall**

Inspection by the Auditor General of the different halls of residence revealed the following:

- The halls of residence had broken toilets and some were missing. Some sewer pipes and water pipes were broken and there were leakages in the plumbing system affecting the structure.
- The buildings had cracks and some roofs that have been repaired had leakages
- The West-End main building has been out of use for over five (5) years due to health and safety reasons.

The Accounting Officer explained that in response to the Presidential Directive, BOQs for renovation worth UGX.9.2Bn were prepared and submitted to the Permanent Secretary, MoFPED on the 13th April 2022 and management continued to follow-up on the pledge to no success.

The main hall is part of Kyambogo University infrastructure projects approved by development Committee under MoFPED and assigned a project code. management awaits allocation of funds.

Observation

The Committee observed that the lack of befitting accommodation for students degrades the standard of living of learnings and affects their overall motivation to study. There are also safety and health risks associated with occupying dilapidated structures.

Recommendation

a) The Committee recommends that the Accounting Officer should prioritize the renovation of the structures to prevent further deterioration and risks to lives of students.
b) The government should provide the necessary funds for the renovation of the hall of residence as per HE the president's directives.

Action Status

As per the directive of HE the President, the University submitted the costed Bills of Quantities totaling to UGX 9Bn (in April 2022). These were received by MoFPED and it was noted that, at that time it was only Kyambogo University that had fully complied (refer to the letter Ref. ISS. 174/256/01, dated 14th April 2025, **a copy attached**). To date, no allocation has been done to address this matter.

In the meantime, during FY 2025/26,

i) Management allocated UGX 300Mn under its maintenance budget to carry out critical repairs of plumbing and sanitation, copies of photographs attached.
ii) Already, civil works are progressing well where Halls of Residence of Kulubya, Nanziri, Pearl and Mandela are being renovated.

iii)	Going forward, Management will continue to remind Government to allocate funds for major renovation of these Halls of Residence.
Query	**Non-Deduction and Remittance of Taxes**
Section 123(1) of the Income Tax Act, 1997 requires a withholding agency to withhold and remit to Uganda Revenue Authority any tax that has or should have been withheld within fifteen days after the end of the month in which the payment subject to withholding tax was made. However, the Auditor General noted that supplies amounting to UGX 0.739Bn were made without deducting the required withholding tax (6% VAT) worth UGX 0.044Bn. The Accounting Officer acknowledged the query and noted it was an oversight on their part. He undertook to institute recovery mechanism from the supplier. **Observation** The Committee observed that failure to deduct Tax amounts to loss of revenue to government and Accounting Officer did not provide proof of recovery. The Committee further observed that failure to remit tax could attract fines and penalties from the tax body.	
Recommendation	
The Committee recommends that, i) The Accounting Officer should recover the withholding tax from the suppliers. Failure to do so, the Accounting Officer should make good on the loss. ii) The Accounting should always adhere to the terms and conditions set in the contract agreement before payment are made.	
Action Status	
i) All the suppliers have been notified of this anomaly and URA has been requested to recover the tax. ii) Going forward, the IFMS system was configured to ensure that all WHT is automated on all payments. This will not be repeated again.	

Query	Variances between the Approved Establishment and the Filled Positions

Section A-c (3) of the Uganda Public Standing Orders, 2021 provides that appointment in the public service shall be subject to availability of a vacancy in the approved staff establishment, and funds in the approved estimates.

The Auditor General noted under-staffing levels in all the 104 departments, giving rise to 1,653 unfilled positions. The Auditor General further noted that the staffing levels of the teaching staff were at 32%, with some categories of positions such as teaching assistant and principal technician having no permanent staff.

The Accounting Officer explained that the approved structure and establishment of the University was due for review to address the staffing gaps and emerging issues and this review process is scheduled for third and fourth quarters of FY 2025/2026.

The University is currently operating at only 32% of its total staffing establishment because of inadequate wage provision. management has been constantly engaging Government for additional wage which raised the wage bill from UGX.61.17Bn to UGX.67.17Bn for the FY 2024/2025. However, this is only able to increase the staffing level to 35%.

Observation

The Committee observed that gross understating compromises the quality of service offered, undermines the mandate of the teaching institutions and the lectures are over stretched by the excess workload.

The Committee observed a delay in reviewing the established structure which had affected the quality of services offered at the University for both teaching and non-teaching staff. The Committee also observed that the Ministry of Education, under the Inspectorate of Universities, could have identified the gaps early enough. This was not done.

Recommendation
The Accounting Officer should expedite the process of reviewing the staff establishment of the University to identify the current staffing requirements to enable recruitment of new staff. The MoFPED should provide adequate wage bill for implementation of the current staff structure The Ministry of Education should strengthen supervision and monitoring of university activities.
Action Status
i) The implementation of the revised establishment required Government to release wage in phases of UGX 13.8Bn in 2021/22, UGX 16.3Bn in 2022/23, UGX 16.3Bn in 2023/24 and UGX 16.3Bn in 2024/25. Management embarked on the review of the current establishment and has not been concluded. ii) Since FY 2021/22, the University has only received an increment of UGX 8.5Bn, which raised the wage budget from UGX 56.8Bn in FY 2020/21 TO UGX 67.1Bn in the FY 2025/26. This has undermined the implementation of the approved structure. iii) Management has requested the MoFPED and MoPS for wage enhancement of UGX 16Bn but this has not yet been actualized. Management will continue to engage MoFPED and MoPS for more wage.
Query | **Lack of Contracts**
Regulation 10(1) PPDA (Contract) Regulations, 2023provides that a contract shall be formed when the contract is signed and issued by a procuring and disposing entity. However, review of thirty-three (33) procurements worth UGX 5.5Bn revealed that fifteen (15) procurements worth UGX 1.51Bn were not issued with contract documents. The Accounting Officer stated that the Local Purchase Orders (LPOs) generated on IFMS provide both the General & Special Conditions of the Contract, in line with PPDA (contract) Reg 9(2), 10 (1).

Observations

The Committee observed that LPOs cannot substitute contract documents and thus supplies worth UGX 1.5bnwere executed without contracts and no clear terms of engagement in case of breach on either party. The Committee further observed that once contracts are not in place, it complicates the contract management process and thus risky to the organization.

Recommendation

The Committee recommends that the Accounting Officer should be held liable for failure to comply with Regulation 10(1) PPDA (Contract) Regulations, 2023.

Action Status

All these supplies were effectively monitored by Contract Managers and items were delivered and payments made. Effective FY 2024/25, all suppliers have signed contracts and this matter has since been resolved.

Query	**Accumulation of Domestic Arrears**

Section 20 (2) of the Public Finance Management Act Cap 171, 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, Auditor General's review of the previous years audited financial statements, domestic arrears report from the IFMS, and the payment file revealed that the University had accumulated domestic arrears of UGX.23.29Bn as shown in table below:

Table: Movement of domestic arrears

Opening balance	Paid during the year	New arrears incurred	Closing balance –UGX Bn
19.95	9.80	13.14	23.29

Source: OAUDITOR GENERAL analysis of financial statements

The Accounting Officer explained that at 32% staffing level, the University was forced to engage part-time teaching staff and temporary staff. The Vice Chancellor made a request to MoFPED for UGX 14.6Bn to help reduce the domestic arrears on teaching and management also requested to recruit lecturers and technicians from

the UGX 6Bn that was added on salaries during FY 2024/25. These efforts may help to reduce the accumulation of Domestic arrears.

Observation

The Committee observed that creation and accumulation of arrears reflects a serious fiscal management challenge, weak internal control system, and management inefficiency in the institution. This continuous creation of arrears jeopardizes the overall credibility of the budget and puts the University at risk of litigation.

Recommendation

The Committee recommends that the Accounting Officer should be held liable for failing to comply with Section 20(2) of the PFMA, 2015. The Committee recommends that the Accounting Officer should ensure that the commitment control system is enhanced to enable control of the accumulation of new arrears.

Action Status

Allocation of additional wage resources (UGX 6 billion) in FY 2024/25 to facilitate recruitment of lecturers and technical staff, aimed at reducing reliance on part-time personnel.

Recognition of the need to strengthen staffing structures to minimize recurrent arrears. Guidance has been given by NCHE on course registration requiem

1.2 Makerere University Kampala

Query	Budget Performance

The Auditor General reported that the entity had an approved budget of UGX 364.20Bn, out of which UGX 363.61Bn was warranted for as shown in the table below.

Table showing summary analysis of entity budget

SN	Budget category	Total Revised Budget (UGX. Bn)	Proportion of total revised budget (%)	Warrants (UGX. Bn)
1	Recurrent (Wage)	232.30	64	231.42
2	Recurrent (non-wage)	116.54	32	115.83
3	Development	15.37	4	15.37
	Total	**364.20**	**100**	**362.62**

Source: Compilation of information from financial and workplan performance reports MoFPED

The University had an approved budget of UGX.364.19Bn out of which UGX.362.62Bn was warranted resulting in a shortfall of UGX 1.57Bn representing an 99% performance. The UGX.1.57Bn that was not warranted was meant for the budget items such as Maintenance-Machinery & Equipment Other than Transport Equipment, Educational Materials and Services and Information and Communication Technology Supplies.

The Accounting Officer explained that because of non-release of funds, activities that could not be implemented were rolled over to the next budget.

Observation

The Committee noted that failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. Activities such under Maintenance-Machinery & Equipment Other than Transport Equipment, Educational Materials and Services and Information and Communication Technology Supplies are all crucial in the achievement of the overall performance of the University.

Recommendation

The Committee recommends that

i) the Government, through the MoFPED, should provide all the budget due to the entity to enable them carryout activities.
ii) The Accounting Officer should ensure that all affected activities are budgeted for in the subsequent financial year.

Action Status

The expenditure of UGX 1.57 billion was not incurred because the funds were not released by the Ministry of Finance, Planning and Economic Development (MoFPED).

Action Taken

University Management continuously engaged MoFPED to advocate for the release of all budgeted funds. As a result of these persistent engagements, all budgeted funds for the subsequent financial year (FY 2024/2025) were successfully released.

The affected activities, including maintenance of machinery and equipment (excluding transport equipment), Educational materials and services, and Information and Communication Technology supplies, were rolled over to FY 2024/2025 and have since been implemented.

Ongoing Measures

The University Management continues to actively engage MoFPED to ensure the timely release of all appropriated funds. Copies of correspondence evidencing these engagements

Query	**Long Outstanding Receivables**

Whereas Makerere University admits undergraduate and post - graduate students who study at MUK and MUBS campuses, students admitted to study at MUBS campuses are required to pay functional fees to Makerere University while tuition fees, is payable to MUBS. However, during their study, students are registered at MUBS and pay both functional fees and tuition fees at MUBS which should therefore be remitted to Makerere University.

Review of receivables ledger revealed that functional fees amounting to UGX.1.49Bn paid by students directly to MUBS were not remitted to Makerere University. In addition, the Auditor General observed that out of UGX.66.29Bn receivables held by the University as at 30th June 2024, UGX.45.53Bn categorized as non-current under Note 23(c) have been long outstanding.

The Accounting Officer explained that the University had instituted mechanisms to collect outstanding receivables. These included engagements with all stakeholders at the main campus and MUBS (College and school leaders, staff, and students), and as a result, the University is registering an increase in receivables payment.

Observation

The Committee observed that non-collection of receivables could lead to bad debt write-off which could lead to loss of revenue to government. The Committee further noted that non-collection of

receivables reduces the funds available for the university to execute its mandate.

Recommendation

The Committee recommends that the Accounting Officer should institute mechanisms of enforcing collection of outstanding receivables and mitigate accumulation.

Action Status

The University conducted a review of the receivables and noted that some students had dropped out of the University and did not take up their studies; however, they did so after enrollment on the ACMIS portal. The system had already billed them, hence contributing to the receivables. Accordingly, it is not possible to claim fees from these students who did not access the services.

Secondly, the affiliate institution, Makerere University Business School (MUBS), did not make remittances to Makerere University on time despite repeated reminders.

Actions Taken

The University has commenced the process of writing off the receivables from students who had enrolled and were billed but did not take up their studies.

The University has instituted controls on the ACMIS to ensure that students who drop out of the University are not continuously billed, which prevents the accumulation of unrecoverable receivables.

The University has instituted additional systems, including the blocking of examination permits, the blocking of debtors from graduation lists, and the withholding of printing of academic documents for debtors. These measures have enhanced revenue recovery and reduced the accumulation of receivables.

During Financial Year 2024/2025, the University recovered UGX 1,159,886,034 out of the UGX 1,492,003,015 owed by MUBS. The University is engaging MUBS to clear the outstanding balance of UGX 332,116,981. A certified copy of the payments from MUBS is attached as Annexure 5(a), and copies of further engagement correspondence

Out of the outstanding receivables of UGX 45,528,625,288, the University recovered UGX 13,585,582,626. It has been observed that part of the problem was caused by billing students who were admitted but subsequently left the University. A certified copy of the recovery statement for UGX 13,585,582,626.

A committee has been constituted to review the enrollment and billing on the ACMIS system, identify students who were erroneously billed or dropped out, and provide a reconciled receivables amount. A copy of the Committee appointment letter is attached as Annexure 5(d). The Revenue Office of the University is engaging all stakeholders through meetings, sensitization of students, and reviewing internal revenue collection and protection controls in order to improve efficiency.

Query	**Diversion of project funds to the activities of the College of Health Sciences**

From review of correspondences and activities of the University, the Auditor General observed that the funds of the two grants for July-September 2023 worth GBP 58,896.47 were disbursed by the Trust to the College of Health Sciences account number: 280561399300 held in Standard Chartered Bank in December 2023. However, the funds were not remitted to the project account but utilized on the College activities without authority.

The Accounting Officer promised to follow up the issue to ensure that the College of Health Sciences remits project funds immediately.

Observation

The Committee observed that this was an unauthorized expenditure by the College which affected the implementation of the project activities and constitutes.

Recommendation

The Committee recommends that the Accounting Officer should ensure that project funds are remitted in accordance with the disbursement instructions and work plans to avoid sanctions by the funder.

Action Status

The funds for the two grants worth GBP 58,896.47 for the School of Public Health were disbursed by the Trust to the College of Health Sciences account. The funds were delayed in being remitted to the

project account under the School of Public Health because the University researchers were required to first sign Principal Investigator Agreements with the University before receiving the funds.

Action Taken

University Management followed up on the matter, and the funds were subsequently transferred to the project account under the School of Public Health. The acknowledgement of receipt of funds is attached.

The University has put in place a Grants and Administration Management System to track all grants in the University. A printout of the system dashboard is attached as Annexure 6(b).

Query	**Irregularities in Supplementary Funding**

Regulation 18 (5) of the Public Finance Management Regulations, 2016 requires that Parliament may approve a supplementary appropriation, or the Minister may approve a supplementary budget where the supplementary expenditure is un-absorbable.

The entity received total supplementary funding of UGX 10.20 Bn during the year. The Auditor General, however, noted that supplementary expenditure amounting to UGX.10.20Bn did not meet the supplementary expenditure criteria as shown in table below,

Table: Table showing Criteria for supplementary expenditure

S/N	Date of request	Purpose of the supplementary	Supplementary amount requested (UGX)	Audit comment
1	02nd October 2023	Funds for the 74th Graduation Ceremony	1.00Bn	Whereas the expenditure was foreseeable since it is one of the important activities carried out every FY, the Accounting Officer in his response indicated that this had been initially planned but suffered budget cuts at various stages of budget process, however, I was not provided with evidence.
2	02nd October 2023	Research and Innovation Activities	5.00Bn	
3	02nd October 2023	Student Allowances	4.20Bn	
	Total		**10.20Bn**	

Source: Auditor General report FY 2023/2024

The Accounting Officer explained that the University appropriately budgeted for all the activities in the supplementary schedule. However, the University experienced a budget reduction of UGX 13.2 billion at the final process of budget approval. Management informed the Government of the impacts of the budget cuts immediately. Therefore, whereas the activities were foreseeable, the last-minute budget cut was not, hence necessitating the supplementary funding.

Observation

The Committee observed that Supplementary expenditure that is avoidable, foreseeable and absorbable is contrary to Regulation 18 (5) of the PFMR, 2016 and encourages dysfunctional behaviour in budgeting.

Recommendation

The Committee recommends that the Accounting Officer should ensure that budgets are prepared at all levels of the budgeting processes to minimise supplementary request.

Action Status

The expenditure had been initially budgeted and approved by the University Council and submitted to MoFPED based on the actual resource allocation as per the First and Second Budget Call Circulars issued by MoFPED—the Government had, therefore, confirmed the funds initially.

However, at the final stage of budget approval by Parliament, the University's budget was reduced by UGX 13.2 billion. The reduction affected essential budget items as follows:

- UGX 1.0 billion for graduation ceremonies
- UGX 5.0 billion for research and innovation activities
- UGX 4.2 billion for students' food and living-out allowances
- UGX 3.0 billion for confirmed capital development activities

Accordingly, the University immediately communicated this funding gap to MoFPED along with the potential consequences.

Therefore, the supplementary budget was unavoidable due to the critical nature of the activities affected by the last-minute budget

reduction. Copies of the University's correspondence on the matter are attached as Annexure 7(a).

Action Taken

The University has continued to engage the Government to ensure that critical activities are allocated adequate funds. Copies of these correspondences are attached as Annexure 7(b).

1.3 Mbarara University Of Science And Technology

Query	Budget Performance

The Auditor General reported that out of the approved budget of UGX.60.391Bn the total warrants for the year amounted to UGX.57.545Bn. Below is a summary breakdown of this budget and warrants;

Table showing Summary analysis of entity budget

Sn	Budget category	Total Revised Budget in (UGX 'Bn)	Proportion of total revised budget (%)	Warrants (UGX 'Bn)
1	Recurrent (Wage)	40.006	66.3	39.924
2	Recurrent (Non-wage)	16.431	27.2	15.644
3	Development	3.955	6.5	1.977
	Total	60.391	**100**	57.545

The entity had an approved budget of UGX.60.391Bnout of which UGX.57.545Bn was warranted resulting in a shortfall of UGX.2.846Bn representing 95.3% performance. The UGX.2.846Bnthat was not warranted was meant for activities such as payment of 10% policy requirement for NSSF against wage and Part of Salary for Staff that left MUST service.

The Accounting Officer explained that because of non-release of funds, activities that could not be implemented were rolled over to the next budget.

Observation

The Committee noted that failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. Activities such payment of NSSF and salary of staff are statutory obligations that must be paid.

Recommendation
The Committee recommends that i) The Government, through MoFPED, should ensure that funds are released as budgeted to avoid distortion and non-implementation of activities. ii) The Accounting Officer should ensure that all affected activities are budgeted for in the subsequent financial year.
Action Status
In the year 2024/2025 all the budgeted amount was released and in the same year, the university collected more revenue above what was projected, and got extra funding of UGX.3,997,829,950. All planned activities including roll overs were implemented.
Query | **Outstanding Receivables**
The Auditor General's review of the receivables in the Statement of Financial Position and Note 23(e), revealed receivables amounting to UGX.2.382Bn from the FY 2022/2023 that had not been collected. The receivables relate to students' fees. The Accounting Officer attributed the delay to varied schedules and program timelines, for post graduate students that do not align with the traditional semester flow. **Observation** The Committee observed that the delayed collection of NTR contravenes the fees payments policy which requires students to clear fees before registration for examinations.
Recommendation
The Committee recommends that, i) The Accounting Officer should ensure students comply with the fees payment policy. ii) The Accounting Officer should institute mechanisms to enable timely identification of defaulters and ensure they pay.
Action Status
The Fees Policy is in place and being implemented. Students cannot sit exams without paying 100% of their fees obligation. The figure for receivables on students who are on scholarship the sponsors have an MoU with the University, post-graduate students

who have gone out to do research, and some students who abandon the course before exams and leave behind uncleared invoices.

We eventually receive the fees when donors pay, post graduates finish their research and submit reports for examinations, and invoices for students who abandon the course before exams are eventually cleared.

Query	**Outstanding Payables**

The Auditor General observed that included in the payables shown in the statement of financial position and Note 28(b) to the accounts are long outstanding domestic arrears of UGX.6.182Bn payable to National Enterprise Corporation (NEC).

The Accounting Officer attributed the delay in settlement of domestic arrears to underfunding.

Observation

The Committee noted that delayed settlement of domestic arrears could lead to unnecessary litigation of the University.

Recommendation

The Committee recommends that the Accounting Officer should engage MoFPED to ensure adequate budget allocation for payment of domestic arrears.

Action Status

With improved release of funds and supplementary funding as a result of collecting more revenue than projected, we have settled the outstanding payables to NEC. The building was handed over and the facility is in use.

Query	**Unaccredited Academic Programs**

The Auditor General observed that Section 125 of the Universities and Other Tertiary Institutions Act Cap 262 provides that no person shall operate a University, other Degree Awarding Institution or a Tertiary Institution without the prior accreditation of its academic and professional programs by the National Council for Higher Education (NCHE).

However, the Auditor General noted that thirty-seven (37) academic programs offered by the university expired and letters of request of

review and accreditation were sent to NCHE for accreditation. The Auditor General could not ascertain the progress of review and re-accreditation because no response was availed from NCHE.

The Accounting Officer indicated that engagements with NCHE to expedite the accreditation of the programs are ongoing.

Observation

The Committee observed that teaching unaccredited programs affects the standard of education, and could also lead to nullification of university awards, thereby affecting academic careers of students.

Recommendation
The Committee recommends that the Accounting Officer should follow up with NCHE and have the accreditation process expedited.
Action Status
All unaccredited programs were submitted for re-accreditation, and though at times the process takes long, eventually, programmes get accredited. For the new programmes, the University does not admit students until the programmes are accredited.

Query	**Award of Contract above Estimated Price**
The Auditor General's review of procurement file no. MUST/WRKS/2023-24/00081 revealed that the Accounting Officer awarded contracts at a higher price than estimated. The Auditor noted that the estimated price for the construction of the Entrepreneurship Centre was UGX.469Mn as stated on the request form attached to the procurement file. On the contrary, the university management awarded the contract at UGX.585Mn (VAT inclusive) over and above estimated procurement price by UGX.116Mn. The Accounting Officer explained that the Entrepreneurship centre was a project funded by the West Flanders Province of Belgium where the grant writing and budgeting started in 2022 and was later approved in May 2023 and the contract was signed in 2024. He said that the time lapse between budgeting and contracting was responsible for the variation. In addition, he indicated that the project was an improvement on the already existing structure and additional repairs were identified during the pre-bid meeting.	

Observation

The Committee observed that the Accounting Officer had overcommitted resources, which is an offence as prescribed under section 77(m) of the PFMA. This could lead to accumulation of payables.

Recommendation

The Committee recommends that,

i) The Accounting Officer should be held liable for overcommitting government.

ii) The Accounting Officer should strictly adhere to the terms and conditions of the contract agreement.

Action Status

The Entrepreneurship Centre was a project funded by the West Flanders Province of Belgium, where the grant writing and budgeting began in 2022 and was approved in 2023, and the contract signed in 2024. The time lapse between budgeting and contracting was responsible for the variation.

Query	**Delayed completion of the Infrastructure Project**

The Auditor General's review of Project Management file, Procurement file number, MUST/WRKS 21/22/00057, MOU and contract management signed on the 1st November 2021 between Mbarara University and National Enterprise Corporation (NEC) for the construction works on the Faculty of Computer Informatics Phase 2, revealed that the works on the Project was contracted at UGX.8.398Bn and was to take 18 months.

However, audit inspections carried out on 13th August 2024, revealed that the works had stalled at 95% and the contractor was not on site. See pictorial evidence below,

It was further noted by the Auditor General that there was no work carried out in the year under audit as no interim certificate had been raised by the contractor.

The University owes National Enterprise Corporation (NEC) UGX.6.182Bn which has been outstanding for the last 4 years. This money was not budgeted for in the year under review.

The Accounting Officer explained that the University entered a contract with NEC for the construction of the Faculty of Computing and Informatics at a fee of UGX.8.398Bn. The construction was at 95% completion, but the contractor was not willing to hand over the building before settlement of the contract fees. He said that the failure to clear the domestic arrears was due to underfunding.

Observation

The Committee observed that delayed settlement of domestic arrears could result in unnecessary litigation against the University while delayed completion of the outstanding works was likely to increase the cost of the Project and increase pressure on the few existing structures for use by students.

Recommendation
The Committee recommends that government should provide the requisite funds needed to accomplish the set activities.
Action Status
The project has since been completed and in use by Faculty of Computing and Informatics (FCI).

Query	**Dilapidated Structures**

During the financial year 2023/2024, the entity budgeted for maintenance of buildings and structures, other fixed assets, machinery and equipment other than transport equipment, totaling to UGX.253.4Mn, out of which UGX.200.3Mn was warranted, representing 76% of funds released.

The Auditor General noted that the funds budgeted for maintenance, operation and management of projects infrastructure was insufficient and yet several MUST infrastructures were in dire need of major renovations.

The Auditor General further noted that the University lacked operation and maintenance guidelines which would be used as a basis of timely maintenance of infrastructures (buildings), this has significantly impacted on the life cycle of most building structures in the university, leading to reduced performance. The buildings affected are vacant while some had one occupancy.

The Accounting Officer indicated that he had prioritized the assessment of all old structures that are condemned for demolition. He said that a Technical Team from the Ministry of Education and Sports (MoES) has conducted a thorough evaluation of the buildings. He indicated that a guiding Bill of Quantities has been developed, which will serve as a basis for future budgeting allocations to maintain these infrastructures contingent on the availability of resources in the National budget.

Observation

The Committee observed that poorly maintained infrastructure could lead to frequent breakdowns which leads to increased repair costs, including safety and health risks.

Recommendation

The Committee recommends that the Accounting Officer should prioritize renovation of the buildings to safe costs of repair and improve wellbeing of learners.

Action Status

The budget for renovation of buildings has since been increased and we shall have critical renovations done.

1.4 Makerere University Business School (MUBS)

Query	Budget Performance

The Auditor General reported that out of the approved budget of UGX 120.38Bn, the entity received total warrants of UGX 117.53Bn as detailed in the table below,

Table 2: Showing Summary analysis of entity budget

SN	Budget category	Total Revised Budget (UGX. Bn)	Proportion of total revised budget (%)	Warrants (UGX. Bn)
1	Recurrent (Wage)	81.21	67.46	81.21
2	Recurrent (Non-wage)	37.04	30.77	35.25
3	Development	2.12	1.77	1.06
	Total	**120.37**	**100**	**117.52**

Audit noted that out of the approved budget of UGX 120.38Bn, UGX.117.53Bn was warranted, resulting in a shortfall of UGX 2.85Bn representing a 97.6% performance. The UGX 2.85Bn that was not

warranted was meant for activities such as refund for staff medical expenses and purchase of protective gear for security personnel and enhancing on-line teaching through subscription to Google for hosting the platform for on-line teaching, among others.

Observation

The Committee noted that failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. Universities world over have since moved away from exclusive face-to-face interaction in favor of online teaching. Therefore, not providing funds

Recommendation

The Committee recommends that

i) the Government should warrant all the budget due to the Ministry to enable them carryout activities.
ii) The Accounting Officer should ensure that all activities are costed in the workplan to enhance frugal expenditure.

Action Status

The domestic arrears for the financial year 2023/24 are not yet paid but in the year 2024/25, those activities that were not fully performed in the FY 2023/24 were implemented.

Query	**Payment of un-budgeted for domestic arrears**

From the Auditor General's review of expenditure, supporting documentation and financial statements, the Auditor General observed that the School paid a total of UGX 7.68Bn during the financial year to settle outstanding domestic arrears. However, the approved budget estimates for the FY under review had no budget provision for domestic arrears.

The Auditor General observed that the School diverted a total of UGX 7.68Bn from the current year's budget to pay domestic arrears that were not budgeted implying that the current year's budgeted activities to the extent of UGX 7.68Bn have already been affected by these unplanned activities.

The Accounting Officer explained that the domestic arrears paid were recognized as payable the previous year (2022/2023) and if not paid would attract penalties. To avoid litigation and/or penalties arising

from non-payment, management had no option but to pay suppliers. The Accounting Officer further explained he had written to the MoFPED about the arrears and for the last five (5) years, no arrears have been released and as guided, such obligations in future will be presented to Council and considered as part of the budget during the planning cycle.

Observation

The Committee observed that the Accounting Officer diverted funds worth UGX.7.68Bn. This is an offence as prescribed under section 77 of the PFMA. Diversion of funds affects the implementation of current year's planned activities as well as violation of appropriating authority.

Recommendation
The Committee recommends that the Accounting Officer should be held liable for diversion of funds in accordance with section 77(2) of the PFMA.
Action Status
The School took the advice of the Auditor General and no unbudgeted domestic arrears have since been paid. All domestic arrears will be paid once the funds for this item are released.

Query	**Un-accounted for fuel**

The Auditor General's review of technical reports from Jinja Campus and the loading instructions revealed that a total of UGX 0.027Bn was loaded on Card No. 1402048292 meant for the generator fuel at Jinja campus during 2023/24.

However, the Auditor General observed generator was faulty and non-functioning. There were no fuel consumption ledgers and statement as evidence that the fuel load was consumed.

Whereas the Accounting Officer explained that due to the irregular performance of the generator, the Jinja management had to hire a generator locally to enable the activities of the campus to proceed and avoid student strikes and other unnecessary challenges, the Audit was not availed with evidence of hiring of generator in form of the contract to confirm validity of expenditure.

Observation

The Committee observed that without evidence of fuel usage by the generator for which the loading was made, there is a possibility that the fuel was diverted.

Recommendation

The Committee recommends that,

i) The Accounting Officer should be held liable for failure to account for UGX.27M and make good on the loss

ii) The Accounting Officer in future should always account for funds allocated for specific activities. In the absence of accountability, the money paid for fuel is recoverable from the beneficiary.

Action Status

Held the Accounting Officer liable and enforced recovery of UGX 27 million in line with public financial management regulations.

Provided verifiable documentation to support any claims of outsourced generator services.

Entity has established proper fuel management systems, including fuel logs, usage records, and reconciliation statements.

Strengthened internal controls to ensure all expenditures are supported, traceable, and aligned with intended purposes.

Enhanced oversight and audit mechanisms to prevent recurrence of similar irregularities

Query	**Diversion of Funds to Pay for Salary Enhancement Without Auditor Generals Provision and Approval**

Section A-c (3) of the Uganda Public Service Standing Orders, 2021 provides that appointment in the public service shall be subject to availability of a vacancy in the approved staff establishment, and funds in the approved estimates.

Section B-a (14 & 15) of the Standing Orders, 2021 define “Personal-to holder salary” as a circumstance where a public officer is receiving a salary that is outside the range set for the post as a result of grading and re-grading or as approved by the Appointing Authority.

In a letter ref. MSD135/306/01 Vol.70 dated 3rd August,2023, Ministry of Public Service approved the structure for MUBS and advised that the implementation of the approved structure be within the approved wage provisions for the financial year 2023/2024.

Review of the MUBS payrolls and the IFMS payments file revealed that in the month of January, 585 staff were elevated from the 'personal-to-holder' salary scales to full pay per MoPS approved salary scale for Public Universities without a corresponding wage budget/release from MoFPED. The salary enhancement increased the MUBS gross payroll costs from January to June 2024 by UGX 0.551Bn per Month. This resulted in a total increase of UGX 3.311Bn for the six months during the financial year 2023/2024.

The Committee observed that increase in salaries without a corresponding wage budget provision, resulted in the creation of domestic arrears arising from non-remittance of statutory deductions as shown in table below;

Table: Showing the categories of items under payables

SN	Category of item	Amount UGX. Bn	Audit comment
1.	PAYE	3.00	Salary enhancement of staff on 'person to Holder' salary scale without approval and a corresponding wage bill created domestic arrears due to unremitted statutory deductions yet Government fully funded the budget as per the existing wage bill .
2.	10% NSSF contributions	0.51	Salary enhancement of staff on 'person to Holder' salary scale without approval and a corresponding wage bill created domestic arrears due to unremitted statutory deductions.
	Total	**3.51**	

Source: Auditor General report FY 2023/2024

The Accounting Officer explained that the School has been grappling with the issue of Personal to Holder since 2015. The issue was brought to the attention of His Excellency, the President in 2019 at a time when there was a lot of staff dissatisfaction which created insecurity in the school. The School promised funds to enhance salaries.

The Auditor General noted that the problem was also brought to the attention of the school Council, which agreed with the proposal of management to enhance salaries for staff in the Person to Holder category with effect from January 2024. Supplementary funding of UGX.14.5Bn was released to enhance salaries.

Observation.

The Committee observed that diversion of funds is an offence according to section 77(q) of the PFMA.

Recommendation

a) The Committee recommends that the Accounting Officer should always implement the resolutions of the Council in consultation and approval by the relevant authorities.
b) The Accounting Officer should be held liable for diversion funds in accordance with section 77(2) of the PFMA.

Action Status

After engaging with MoFPED, all wage requirements were fully funded. No other funds have since been diverted to pay salaries. We commend the Government for fully funding MUBS wage shortage to cater for the enhancement of staff.

Query	**Irregularities in Supplementary Funding**

The entity received total supplementary funding of UGX 14.57Bn during the year.

Regulation 18 (5) of the Public Finance Management Regulations, 2016 requires that Parliament may approve a supplementary appropriation, or the Minister may approve a supplementary budget where the supplementary expenditure is un-absorbable.

The Auditor General observed that supplementary expenditure amounting to UGX 14.57Bn did not meet the supplementary expenditure criteria as shown in table below.

No	Purpose of the supplementary	Supplementary amount received (UGX. Bn)	Audit comment
1	Supplementary to settle salaries and wAuditorGenerales deficit (211101)	7.44	This expenditure was foreseeable and avoidable.
2.	To cater of Allowances (211106)	2.35	This expenditure was foreseeable and avoidable.
3.	Council Allowances (211107)	0.25	This expenditure was foreseeable and avoidable.
4.	Social contributions (212101)	1.45	This expenditure was foreseeable and avoidable.
5.	Welfare and Entertainment (221009)	0.60	This expenditure was foreseeable and avoidable.
6.	Printing, Stationery, Photocopying and Binding	0.60	This expenditure was foreseeable and avoidable.
7.	Systems Recurrent costs (221016)	0.03	This expenditure was foreseeable and avoidable.
8.	Litigation and related expenses (221020)	0.20	This expenditure was foreseeable and avoidable.
9.	Information and Communication Technology Services (222001)	0.55	This expenditure was foreseeable and avoidable.
10.	Maintenance – Buildings and Structures (228001)	0.40	This expenditure was foreseeable and avoidable.
11.	Maintenance – Transport Equipment (228002)	0.10	This expenditure was foreseeable and avoidable.
12.	Transfers to Government Institutions (282301)	0.60	This expenditure was foreseeable and avoidable.
		14.57	

Source: Auditor General report FY 2023/2024

The Accounting Officer concurred with my observation and further explained that the supplementary on non-wage was because of collecting more funds in the financial year than allocated.

Observation

The Committee observed that Supplementary expenditure that is avoidable, foreseeable and absorbable is contrary to Regulation 18 (5) of the PFMR, 2016 and encourages dysfunctional behavior in budgeting.

Recommendation

The Committee recommends that the Accounting Officer should ensure realistic budgets are prepared at all levels of the budgeting processes to minimize supplementary requests.

Action Status

Currently, the School no longer needs supplementary budgets given that the wage bill was fully funded and the NTR funds increased from UGX 45Bn to UGX 60Bn.

1.5 Lira University

Query | **Budget Performance**

Out of the approved budget of UGX 35.78Bn, the total warrants for the year amounted to UGX 35.25Bn. Below is a summary breakdown of this budget and warrants.

Table showing distribution of the budget and warrants

No	Budget category	Total Revised Budget in UGX Bn	Proportion of total revised budget (%)	Warrants (UGX Bn)
1	Recurrent (Wage)	20.55	57.4	20.55
2	Recurrent (non-wage)	10.23	28.6	10.20
3	Development	5.00	14.0	4.50
	Total	**35.78**	**100**	**35.25**

The Auditor further noted that out of the approved budget of UGX 35.78Bn, the entity received a total warrant of UGX 35.25Bnduring the year. This represented a shortfall of UGX 0.53Bn representing an 98.5% performance. The UGX 0.53Bnthat was not warranted was meant for the following as such construction of the Administration Block.

The Committee noted that failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. Universities world of universities has since moved away from exclusive face-to-face interaction in favor of online teaching. Therefore, not providing funds for subscription to Google services renders such innovation farfetched.

Recommendation

The Committee recommends that

i) the Government, through MoFPED should provide all the necessary budget to avoid distorting the budget.

ii) The Accounting Officer should ensure that all activities are costed in the work plan to enhance frugal expenditure.

Action Status
Management engaged the Ministry of Finance, Planning and Economic Development throughout the FY 2024/2025 budget cycle, and the University successfully received 100% of its approved budget amounting to UGX 39,281,227,420/=. This release included UGX 67,140,447/= specifically provided for domestic arrears. For FY 2025/2026, the University has secured an allocation of UGX 236,962,969/= to further address outstanding domestic arrears.
Query | **Payment of Un-budgeted Domestic Arrears**
From audit review of expenditure, supporting documentation and financial statements, the Auditor General observed that the University paid a total of UGX.0.3Bn during the financial year to settle outstanding domestic arrears. However, the approved budget estimates for the FY under review had no budget provision for domestic arrears. The Auditor General observed that the entity diverted a total of UGX.0.3Bn from the current year's budget to pay domestic arrears that were not budgeted implying that the budgeting process does not consider the domestic arrears a priority. The Accounting Officer explained that the arrears were recognized as payables the previous year 2022/2023 and would attract penalties, when not paid since the University had contracts with the service providers and already consumed the services. To avoid litigation and/or penalties arising from non-payment, management paid the suppliers in the year 2023/24. **Observation** The Committee observed that the Accounting Officer diverted funds, which is an offence as described under section 77(q) of the PFMA. Diversion of funds affects the implementation of planned activities as well as violation of intentions of the appropriate authority.
Recommendation
The Committee recommends that the Accounting Officer should seek legal advice from solicitor general on how to resolve the matter to close business with the former contractor and pave way for the new contractor.

Action Status	
The University submitted its verified domestic arrears lists to the Ministry of Finance, Planning and Economic Development (MoFPED) for consideration. Consequently, UGX 67,140,447/= was provided in FY 2024/2025, and UGX 236,962,969/= has been allocated for FY 2025/2026 to address these arrears.	
Query	**Omission of salary payment as an output/activity from the work plan**
The Auditor General assessed the management of the HCM payroll and noted that both general and contract staff salaries are budgeted and paid under a specific budget output in each department. However, review of the IFMS reports and the PBS performance reports, and work plans revealed that payment of salaries to the various staff under the different departments was not included as an activity in the University annual work plan. The salaries paid during the year totaled to UGX.15.98Bn. The Accounting Officer explained that the exclusion of salaries and wages as an activity under the budget output was an oversight and majorly caused by the limitation of several characters in the PBS. However, the University has started capturing the costed activities using excel due to the limitations in the Program Budgeting System in terms of characters. **Observation** The Committee observed that non-inclusion of payment of salaries as an activity in the budget outputs makes the cost of the included activities ambiguous and there is lack of a clear correlation between the information in the work plan and performance reports.	
Recommendation	
The Committee recommends that the Accounting Officer should ensure that the payment of salaries as an activity is included in the budgeted outputs.	
Action Status	
The omission of salaries and wages as an activity under the budget output was an oversight arising from character limitations within the	

Program Budgeting System (PBS). To address this constraint, the University has, since FY 2024/2025, been capturing all costed activities using an Excel-based workplan to ensure complete and accurate presentation of budget information.

Query	**Delay in implementation of activities**

The Auditor General observed that out of the 02 sampled projects, one (01) project for the construction of the administration block worth UGX.16.67Bn had been delayed from the expected completion date, the initial contract was cancelled by expiry of the contract period and a new contractor sourced for completion of un-finished works. Details in the table below;

Table: Showing delayed projects/works

Project description and value	**Audit comment**	**Management response**
Construction of main Administration Block-procurement Ref No: LU/WORKS/17-18/00009 on 11th -09-2018. Contract Amount: UGX. 16.67Bn (inclusive of 18%VAT)	Lira University contracted M/s BMK (U) Ltd for the construction of its main Administration Block. This contract expired and was renewed on 14th September 2021 for a period of 2 years ended on 14th September 2023. The contractor abandoned the site when quantities of works were at 32.2% and the contract was terminated by expiry of contract period. The University signed an MoU with National enterprises corporation (NEC) which MoU was cleared by the Solicitor general in his letter ref. ADM 95.05 dated 13th/12/2023 to complete the construction of the administration block. The completion cost was **UGX.13.82Bn** without altering the BoQs already provided by the previous contractor, M/s BMK Ltd. The AuditorGeneral of completion is shown below;	The first Contractor (BMK U Ltd) did not perform in line with the contract terms and conditions therein. That led to the extension of the contract period once for two years. During this extension period their performance worsened and to avoid litigation, the University Management allowed the extended period to expire naturally to engage another contractor. Thereafter, NEC was engaged from 13th, December 2023 up to January 8, 2025 when the project is expected to be complete. The second contractor NEC has so far propelled the project to 95% and expects to hand over the project in January 2025.

		

Observation

The Committee observed that delayed completion of works implied that the beneficiaries did not receive the intended services in time. It should be noted that congestion is one of the biggest challenges of the University

Recommendation

The Committee recommends that the Accounting Officer should expedite the construction to ensure that works are completed on time.

Action Status

The first contractor, BMK, failed to perform in accordance with the contract specifications, leading to a single extension of the contract period for two years. During the extension, their performance further deteriorated. To avoid litigation risks, the University Management allowed the extended contract period to lapse naturally before engaging a new contractor.

Subsequently, NEC was contracted on 13th December 2023, and the project has since progressed significantly and currently stands at 95% completion.

1.6 Busitema University

Query	Budget Performance

The Auditor General reported that out of the approved budget of UGX.59,632,375,790, the entity received a total warrant amounting to UGX.59,529,807,798. Below is a summary breakdown of this budget and warrants.

Table showing Summary analysis of entity budget

Sn	Budget category	Total Revised Budget in UGX	% Proportion of total revised budget (%)	Warrants UGX
1	Recurrent (Wage)	33,657,433,692	56.45	33,657,433,692
2	Recurrent (non-wage)	20,588,243,832	90.82	20,490,425,973
3	Development	5,386,698,266	99.84	5,381,948,133
		59,632,375,790		**59,529,807,798**

The Auditor General noted that out of the approved budget of UGX.59.623Bn, the entity received total warrants of UGX UGX59.529Bn, resulting in a shortfall of UGX 0.094Bn representing an 99.8% performance. The UGX 0.094Bn that was not warranted was meant for the full recapitalisation of Busitema Fund Company.

Observation

The Committee noted that failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The fund is intended to be the commercial arm established to commercialize university assets and generate revenue to support the university's funding. This would go a long way in alleviating the persistent budget constraints at the university.

Recommendation

The Committee recommends that

i) the Government should warrant all the budget due to the Ministry to enable them carryout activities.

ii) The Accounting Officer should ensure that all activities are costed in the workplan to enhance frugal expenditure.

Action Status

We had a technical challenge transferring resources to the Fund Company. Eventually we released these resources amounting to UGX. 94 million to the company as a transfer item.

Query	**Accumulation of Domestic Arrears**

Section 20 (2) of the PFMA Cap 171, provides that a vote shall not take any credit from any local company or body unless it has no unpaid domestic arrears from a debt in a previous financial year and it has capacity to pay for the expenditure from the approved estimates as appropriated by Parliament for that financial year. However, the Auditor General noted that the University had outstanding payables of UGX.1.61Bn as at 30th June 2024.

The Accounting Officer explained that accumulation of domestic arrears was because of inadequate budget allocations and funds releases creating operational challenges.

Observation

The Committee observed that failure to clear payables could lead to litigation resulting in wasteful expenditure in form of legal fees.

Recommendation
The Committee recommends that the Accounting Officer should make adequate plans to clear the outstanding payables.
Action Status
The accumulation of domestic arrears was as a result of inadequate budget allocations and funds releases creating operational challenges as seen in the schedule. Most of the arrears relate to staff costs in form of salary arrears, NSSF and PAYE.

Query	**Payment of Unbudgeted Domestic Arrears**

Section 10.4.1 of the Financial Reporting Guide, 2024 states that domestic arrears arise from unsettled contractual obligations from the consumption of goods and services by the end of the financial year.

The Auditor General observed that examination of the University expenditure for the year under review revealed that UGX. 336,633,063 was spent on settlement of outstanding domestic arrears whose budget provision was only UGX. 8,567,805, resulting inover payments of UGX. 328,065,258. The overpayment was not budgeted for under domestic arrears for the period under review.

The Accounting Officer explained that the payment of domestic arrears was hindered by inadequate fund releases, with only a small portion of declared arrears being settled each year. For example, in FY 2022-2023, UGX.235,500,282 in arrears were declared, but only UGX.8,567,805 was released. This forces the university to reallocate funds from other budget lines, creating operational challenges. Additionally, most of these arrears related to part-time teaching. Unpaid part-time lecturers withheld student results, threatening graduations and prompting student protests, highlighting the urgency of settling these arrears.

Observation

The Committee observed that the failure to budget and pay for domestic arrears showed the lack of priority to clear domestic arrears. This forced the Accounting Officer over payments of UGX. 328,065,258 without approval was a diversion of funds, which is an offence as described under section 77(q) of the PFMA.

Recommendation

The Committee recommends that the Accounting Officer should be held liable for overcommitting government and diversion of funds in accordance with section 77(2) of the PFMA.

Action Status

Held the former Accounting Officer liable for overcommitting funds and diversion, in line with Section 87(2) of the PFMA,Cap.171.

Future domestic arrears payments will strictly be within approved budget provisions.

Budget monitoring to prevent unauthorized reallocations has been strengthen using M&E teams.

All domestic arrears have been included in budget estimates to avoid recurrent overpayments.

Implementing strict internal controls and reporting mechanisms for arrears settlements.

Query	**Mischarge of Expenditure**

The Auditor General analyzed programs and project expenditures, appropriated budget and the ministerial policy statement for the financial year under review and reported that the University charged wrongly some of the outputs and item codes to the tune of UGX. 83,261,450.

The Committee noted that Paragraph, 10.4 sub, Paragraph 10.4.1 of the Treasury Instructions 2017: Step 4 of the payment process, requires an Accounting in reviewing payment requests, to ensure that there is no mischarge and diversion of funds through wrong coding of transactions.

The Accounting explained that the challenge of mischarging arises from inadequate budget allocation despite the university's growth in

student numbers and programs. The operational budget has not increased proportionately, forcing program teams to prioritize and sometimes charge expenses to incorrect budget lines to meet objectives. Additionally, a UGX.1.2Bn cut to nonwage funding caused the issue, stressing teams and disrupting work plans, leading to mischarges as they focused on urgent priorities. In the future, as budgets improve, program teams will be reminded to avoid mischarging.

Observation

The Committee observed that mischarge of expenditure undermines the intentions of the appropriating authority, distorting budget performance and monitoring and leads to improper financial reporting. The anomaly also implies unrealistic budgeting by the University management.

Recommendation

The Committee recommends that the Accounting Officer should be held liable for mischarging expenditures in accordance with section 77(q) of the PFMA.

Action Status

The operational budget has not increased proportionately, forcing programme teams to prioritize and sometimes charge expenses to incorrect budget lines to meet objectives. Additionally, a UGX 1.2Bn cut on non-wage funding caused the issue, stressing teams and disrupting work plans, leading to mischarges as they focus on urgent priorities. In future, as budget improve, programme teams will be properly guided to avoid mischarging.

Query	**Slow Progress on Planned Commercial Projects**

In the financial year 2023/24, the Auditor General noted through review of the bank statements, that all the revenues received by the Company account totaling to UGX. 165,254,228 were from either the University or the university staff. Through interaction with the fund management, the Auditor General noted that the University did not market services offered by the Company to other clients thereby keeping the sales stagnant.

The Accounting Officer indicated that on the Auto-garage unit of the Company, efforts towards creating awareness of the service offered

were majorly through word of mouth to car owners in the neighboring area but moving forward, the Company plans to prequalify with neighboring Local Governments. The Committee noted that Section 54 of the Memorandum and Articles of Association of Busitema University Holdings Limited requires the Company to raise funds and resources to meet its needs and obligations from contributions and other donor or charitable agencies, as well as the activities of its commercial subsidiaries
Recommendation
The Committee recommends that the Accounting Officer should devise means of marketing the services of the University Holding Company to raise funds and resources to meet its needs and obligations.
Action Status
In the last two financial years, the Board of Directors of the Fund Company was pre- occupied with putting into place systems and policies to guide its operations and strategic direction. The company is now pre-qualified to expand its scope on marketing services to its clients.
Query **Staff Salaries**
Review of the Busitema Fund Company Payroll revealed that the Fund had employed and contracted 5 staff to run its operations. The Auditor General noted that the staff were being paid monthly to the tune of UGX.5,200,000, totaling an annual salary of UGX.62,400,000. However, audit interviews with management and the staff revealed that there was no performance targets set for the various staff to improve performance of the Fund.
Recommendation
Develop and implement clear performance targets or KPIs for all staff to ensure alignment with the Fund's objectives and improve operational efficiency. Introduce a performance appraisal system where salary increments, bonuses, or incentives are tied to achievement of agreed targets.Conduct regular (quarterly/annual)

performance reviews to monitor staff contributions, identify gaps, and provide timely feedback. Ensure that individual performance agreements are signed by all staff and management to formalise accountability. Prepare annual performance reports to be submitted to the governing body or Board for oversight and evaluation.
Action Status
The University management has to engaged Busitema Fund company team and the five performance agreements targets for all staff are in place.
Query | **Printer Project**
The Auditor General observed that this project was to be funded by a loan of UGX.250 million from the Uganda Development Bank. However, review of the ledgers and bank statement revealed that the loan had not been secured by the company, and no investment had been undertaken by the company. The Accounting Officer indicated that the resolution to borrow the funds was successfully registered and all changes to the Act were adhered to.
Recommendation
The Committee recommends that the Accounting Officer should implement all programs as agreed to ensure that funds are acquired for the project to commence.
Action Status
The resolution to borrow was successfully registered and all changes to the Act were adhered to. The Company has fulfilled all the pre-disbursement conditions and awaits response from Uganda Development Bank Limited.
Query | **Solar Project**
The Auditor General observed that the solar plant installation started in May 2018 and was still work in progress. Busitema University obtained a license on 16/12/2022, to connect to and sell electricity to UETCL.

The Auditor General noted that whereas the plant was already connected to the grid, there was no MoU in place to guide the operation and metering by UMEME.

The Auditor General further noted that the University had not started benefiting from the revenue accruing from connection of its solar plant to the grid.

The Accounting Officer explained that there was an unresolved issue between the Ministry of Energy and Busitema University on the sharing of revenue.

Recommendation

The Committee recommends that the Accounting Officer should ensure that the University engages the relevant stakeholders to expedite the operationalization of the Solar Energy Project.

Action Status

The existing MoU expired in 2022.The Ministry of Energy and Mineral department in consultation with Attorney General are soon conducting the amended one (MoU) which will make all the stake holders benefit from the
projects as a centre of excellence in liaison with Global solar alliance.

Query	**Dilapidated University Infrastructure**

The Committee noted that Instruction 34 of the Statutory Instruments 2005 No. 85 requires a university or tertiary institution to operate in physical facilities that are safe for the public and in particular, all buildings and other physical facilities used by a university or tertiary institution to accommodate its activities to be serviceable and functional; be kept in a good state of repair and maintenance and be free from structural failures, excessive deflection, cracking or dilapidation of building material fabric and components. Inspections were carried out on a few structures as indicated below;

Busitema Main Campus

The Auditor General noted during inspections carried out on 13th August 2024 that staff houses were in dilapidated and unsafe states.

The Accounting Officer acknowledged the findings and attributed them to the limited releases of capital funds in the past years. He added that it had become difficult for the University to identify

adequate capital resources to develop infrastructure in all campuses. With the acquisition of the infrastructural development code, there is hope that the University may access some adequate resources to develop the dilapidated structures.

Observation

The Committee observed that dilapidated structure posed health and safety risk to the occupants.

Recommendation

The Committee recommends that the Accounting Officer should liaise for more funds from Ministry of Finance, Planning and Economic Development to improve the University infrastructure.

Action Status

These findings are attributed to the limited releases of capital funds in the past years. However, in the FY 2025/2026 Busitema University was allocated UGX 11.56BN for Government of Uganda Development across all the Faculties for renovation and construction of structures including procurement of furniture and equipment for the Medical Centre.

Arapai campus is hosted at a campus affected by the 1987 insurgency and was looted and vandalized used for displaced persons,, no renovation has ever been done since that

Query	**Poor drainage at Busitema Campus Halls of Residence**

Auditor General leaks were noted during inspections, and these are attributed to loose and damage connections between pipes as shown below;

Water seen stagnated in a bathroom/toilet at Nagongera Campus- girls' hall

stagnant water seen in Ruth Okwele hall because of leaking sinks in the bathroom waiting area

Sewer leakages seen from the rear view of Augustine Hall

The Auditor General observed that these connections had become compromised due to either improper installations, physical impact or general wear and tear over time.

Management explained that these were done in the 1950s and the University is always rehabilitating them although the students who are over 840 in the halls of residence are destructive in nature.

The Accounting Officer stated that the University has an Asset Maintenance Policy. The main issue is inadequate funding for maintenance. The University shall continue to lobby for increased funding to be able to address all the mishaps. There is a plan for maintenance of facilities in the current financial year at this campus and hope that the drainage challenges would be sorted soon.

Observation

The Committee observed that the broken plumbing system posed both safety and health risks to the users of the facility.

Recommendation

The Committee recommends that the Accounting Officer should develop a property maintenance plan which addresses all plumbing challenges to avoid further deterioration of the university assets.

Action Status

i) Routine rehabilitation efforts are ongoing, though constrained by limited financial resources.
ii) An Asset Maintenance Policy is already in place to guide maintenance activities.
iii) Plans have been incorporated into the current financial year to address drainage and plumbing challenges at the campus.

iv) The University continues to engage relevant authorities to secure additional funding for comprehensive infrastructure upgrades.

However:

- Some affected areas, including bathrooms and sewer lines, remain in a compromised state.
- Temporary fixes have not fully resolved recurring leakages and stagnant water issues.

While the University has taken steps such as planning maintenance activities and conducting periodic repairs, the underlying plumbing problems persist due to inadequate funding and the need for extensive system overhaul.

The university intends to develop and implement a comprehensive property maintenance plan specifically targeting plumbing systems. Prioritize replacement of obsolete piping infrastructure.Strengthen supervision and awareness to minimise misuse of facilities. Secure increased funding to support long-term infrastructure rehabilitation.

Query	**Temporary Incinerator for the Girls' Halls of Residence**

The Auditor General noted with concern that the girls' halls lack a functional incinerator since the current one is out of service. Picture below refers;

The non-functional incinerator above as seen at Augustine Ousban Hall Annex 1

The Accounting Officer acknowledged the finding and indicated that management had planned to renovate some of the incinerators in the current financial year (2024/25) through the developed capital

development code that will help securing funds for capital development from MOFPED. The University had submitted budget estimates to the tune of UGX.25Bn to improve infrastructural development.

Observation

The Committee observed that the non-functional incinerator posed serious safety and health risk to female learners at Ousban Hall.

Recommendation

The Committee recommends that Accounting Officer should speed up mobilizing funds to address the anomaly to curb the situation before it escalates.

Action Status

The University has incorporated renovation of incinerators into the Financial Year 2024/25 capital development plan, with budget estimates amounting to UGX 25 billion was submitted and released was UGX15bN Ministry of Finance, Planning and Economic Development (MoFPED) to support broader infrastructural improvements.

Progress reported includes:

- Development of a capital development code to facilitate access to funding for infrastructure projects.
- Submission of budget proposals aimed at rehabilitating and upgrading key facilities, including incinerators.
- Recognition of the urgency of restoring proper sanitary disposal systems for female students.

Plans have been rolled over to subsequest FY for

- The incinerator at Augustine Ousban Hall Annex 1 which remains non-functional.
- Interim measures to manage sanitary waste disposal through vendor contracting.
- Engagement for funding for the planned renovations

- Expedite engagement with MoFPED to secure and release the required funds in order to prioritize repair or replacement of the

incinerator as an urgent health and safety intervention. To establish temporary safe disposal measures for sanitary waste while awaiting full restoration. And to Implement routine maintenance mechanisms to ensure sustainability of the facility once rehabilitated

Query	**Unutilized Common Rooms in Halls**

Regulation 56 of the Statutory Instruments 2005 No. 85 of the Universities and Other Tertiary Institutions (Institutional Standards) Regulations, 2005 guides that a University or tertiary institution shall provide common rooms with adequate recreational facilities for staff and students.

Contrary to the above, the Auditor General noted that the common room in Arapai Campus- Ruth Okwele Hall is not adequately furnished as per the above requirement and most university students were not utilising the space provided for catering services as required. I noted that the available facilities were not sufficient compared to the number of students accommodated in these halls.

It was noted through audit inspection that the rooms were excessively overcrowded with a few square meters housing three to four students per room and these students were cooking from either inside their rooms or in the corridors.

The Accounting Officer indicated that there were constraints on facilities of students housed at Arapai Campus and stated that a few structures have been earmarked for renovation in the financial year (2024/25).

Observation

The Committee observed that excessive enrolments affect the quality-of-service delivery. In the circumstances, the security and safety of the students is compromised.

Recommendation

The Committee recommends that the Accounting Officer should enforce compliance with the requirements of the regulations to ensure that the health and safety of students is assured.

Action Status
Fast-tracked the renovation and expansion of student accommodation and common room facilities with the supplementary funding works on going. Enforced regulations on room occupancy limits and prohibit unsafe practices such as cooking in rooms and corridors through Hall wardens. Equipped the common rooms with adequate recreational and catering facilities to encourage proper usage. Developed and implemented a student accommodation management plan to address overcrowding and ensure compliance with statutory requirements.

Query	Functionality of Facilities/Buildings/Structures/ Machines

The Auditor General undertook physical inspection to confirm the functionality of the completed structures/works. The Auditor, however, noted that two (2) out of the 7 sampled projects worth UGX. 245,132,722 were not functional despite completion due to several reasons as summarized in the table below.

Table showing functionality of inspected works/equipment

SN	Project	Total expenditure UGX	Inspection remarks
1	Construction of Medical Centre at Busitema Campus Phase II by CRESCENT GENERAL CO LTD	207,409,302	At the time of inspection (August 2024) the construction was substantially complete, but the medical facility was still operating in the old building because it was not connected to power.
2	Construction of the Goats' unit at Arapai by Joda Contractors	37,723,420	At the time of inspection, the works which included a frame such as concrete slab and columns were done. However, they were not fully complete to accommodate the goats, so they were kept in the old structure.
	Total	**245,132,722**	

Source: Auditor General report FY 2023/2024

The Accounting Officer acknowledged the challenges and attributed it to budget constraints.

Observation

The Committee observed that the non-functionality of the structures were due to non-completion of utility infrastructure such as installation of electricity failure to use the completed structures for the intended function negates the purpose for which the government invested money to construct the facilities.

Recommendation

The Committee recommends that the Accounting Officer should expedite the installation of all utility infrastructure in the structures to enable full usage.

Action Status

The structures are physically completed. Utility installations and operational readiness on going.and being expedited. Operational Readiness being carried out with final checks to ensure the facilities are fully operational and meet intended functional standards. Prioritised funding in the current financial year to cover utility installations and any remaining works, with a timeline and progress reports to the relevant oversight bodies University council to track completion and usage being made.

1.7 Gulu University

Query | **Budget Performance**

The Auditor General reported that out of the approved budget of UGX.68.65 Bn, the total warrants for the year amounted to UGX.68.52Bn, as summarised in the table below;

Table showing Summary analysis of entity budget

No	Budget category	Total Revised Budget(UGX Bn)	Proportion of total revised budget (%)	Warrants (UGX Bn)
1	Recurrent(Wage)	43.16	63%	43.15
2	Recurrent (Non-wage)	19.82	29%	19.69
3	Development	5.67	8%	5.67
	Total	**68.65**	**100%**	**68.52**

The auditor further noted that out of approved budget of UGX.68.65Bn realised in the year, UGX.68.52Bn was warranted, resulting in a shortfall of UGX.0.13Bn representing a 99% performance. The UGX.0.13Bnthat was not warranted was meant for activities under human capital development.

The Auditor audited 100% (UGX 68.52) of the total warrants and the Committee made the following observation and recommendation.

Observation

The Committee noted that failure to provide funds for activities that were budgeted for negatively affected their implementation and achievement of the expected services. The fund is intended to be the commercial arm established to commercialize university assets and generate revenue to support the university's funding. This would go a long way in alleviating the persistent budget constraints at the university.

Recommendation

The Committee recommends that

i) the Government should warrant all the budget due to the Ministry to enable them carryout activities.
ii) The Accounting Officer should ensure that all activities are costed in the work plan to enhance frugal expenditure.

Action Status

To ensure that all budgeted for funds are released, the University always writes to the MoFPED in case there is a shortfall in the accounting warrant for implementing the planned activities

To enhance frugal expenditure, the University established a Budget Desk Committee to strengthen the planning and budgeting function. As a result, an activity costing template was designed and adopted for use by all cost centers effective FY 2025/26. With this, costing of all activities is being done

Query	**Payment of Interest Resulting from Breach of Contract Conditions**

The Auditor General noted that owing to delayed settlement of contract obligations on Certificate No.2 and 3 for the construction of the business center contrary to GCC 43.1 of the contract between Gulu University and the contractor, the University incurred interest charges of UGX.0.53Bn.

The Accounting Officer attributed the delayed payment to insufficient release of funds by MoFPED.

Observation

The Committee observed that Interest payment is nugatory in nature and should not happen if planning as a function is well executed. This constitutes a loss to the University and Government.

The Committee observed that the Construction of the Business center at Gulu had encountered a lot of challenges throughout the years which has exposed the project to abuse and corruption. The project is at a paltry 35% in 7years.

The Committee further noted with concern that the University had negotiated very poor terms and conditions in the contract for the project which is negligent on the part of the Accounting Officer

For example, aware of the insufficient and intermittent funding, the University had negotiated a contract where it was required to pay interest each time there was a delay in issuance of certificates. For some reason, the University always found money to pay these interests and not the other functions of the project. This is suspicious.

Recommendation

The Committee recommends that the office of the Auditor General should carry out a forensic and value for money audit on the construction of the Business center at Gulu University.

Action Status

Gulu University signed a contract with M/s Chongqing International Construction Corporation (CICO) on 19th June, 2019 for the construction of the Business and Development Centre/Central Teaching Facility at a contract sum of UGX. 30,122,034,772.

While the works continued during COVID-19 period as per the guidelines issued, the allocation and release of funds by Government to Gulu University under capital development was affected thus continuously generating obligations and it was not possible for the University to clear them on time.

The interest referred to was accrued in FY 2018/19, 2019/20, 2021/22 and 2022/23 where the approved budgets were not fully released to the University as per the table below;

Table 1: Illustration of capital budget allocation and releases to Gulu University for the last six (6) Financial Years 2018/19-2023/24

Financial Year	Budget (UGX Billion)	Release (UGX Billion)	Expenditure (UGX Billion)	% of Budget Released
2018/19	2.830	2.505	2.269	88.52%
2019/20	4.383	1.641	1.641	37.44%
2020/21	7.414	7.410	7.410	99.95%
2021/22	3.214	1.200	1.200	37.34%
2022/23	11.160	3.212	3.212	28.78%
2023/24	5.671	5.671	5.671	100.00%
Total	**34.672**	**21.639**	**21.403**	**62.41%**

Furthermore, during the budget preparation of FY 2023/2024, a number of reviews to the budget were undertaken which reflected an 80% reduction to the allocations to the vote towards subvention and further cuts to the domestic development budget. As a result of the above situations, Gulu University was not able to pay the two Interim Payment Certificates (IPC) to CICO contrary to GCC 43.1 which attracted penalties of UGX. 0.53Bn.

To avoid payment of interest on subsequent delays in payment of Interim Payment Certificates (IPCs) and following clearance of 10% price adjustment by the Solicitor General, the University amended the contract under the 18 months' time extension to exclude payment of interest on delayed payment.

With the above change, the University shall not pay any interest if any IPC(s) is not paid within the contract stipulated timelines. Additionally, Government has enhanced the domestic capital development budget of the

University for FY 2025/26 to UGX. 19.325bn from UGX. 6.904bn in abide to fast track the completion of this project. If this is maintained in the University's MTEF and the release is sufficient, this project shall be completed within two (02) Financial Years

Query	Payments to Suppliers From E-cash Platform – UGX.18.9Mn
The Auditor General's review of E-Cash statement revealed that payments worth UGX.18.9Mn were paid to suppliers of the University, who have supplier numbers. This was contrary to Paragraph 4.0(iv) of the E-Cash guidelines 2019, which stipulates that the E-cash platform will not be used where the payee is a supplier/vendor. The Accounting Officer concurred with the observation and promised to comply with the guidelines in future. **Observation** The Committee observed that acting contrary to the E-cash guidelines posed a risk of fund mismanagement and possible loss. The Accounting Officer's inaction to implement the guideline was negligent and risked abuse of funds.	
Recommendation	
The Committee recommends that the Accounting Officer should ensure that the E-cash guidelines provided by the PS/ST are complied with for effective financial management.	
Action Status	
Following the Auditor General's advice, the University Secretary issued a circular echoing the E- cash guidelines as provided by the PS/ST and since then no payment has been made to any payee who is a supplier/vendor using the e-cash payment platform	
Query	**Outstanding Salary Advances**
The Auditor General's review of salary advances revealed that three employees were advanced UGX.14.75Mn, that remained unrecovered during the financial year, contrary Paragraph 5.2.3.4 of the Gulu University Human Resources Manual 2017, which requires outstanding debts or advances owed by the employee to be recovered within the same financial year. The Accounting Officer explained that one staff involved, absconded from employment and management had written to him to pay the outstanding advance and follow-up was being made. Another staff passed on before recovery of advance.	

Observation

The Committee observed that the Accounting Officer had failed to institute effective recovery mechanisms for the advances. This could lead to non-recovery of the funds.

Recommendation

The Committee recommends that the Accounting Officer should devise means of recovery of the outstanding salary advance within 6months of adoption of this report by parliament.

Action Status

The status of recovery of the unrecovered salary advances to the three (3) employees is as below:

i) Anyeko Christine Juliet passed on before full recovery of the salary advance. The University Council resolved that the unrecovered amount of UGX. 450,000 be written-off

ii) The University Council directed Management to institute legal steps against Openy Wilfred to recover the outstanding salary advance of UGX. 8,800,000. Subsequently, a letter of intention to sue was issued to Openy Wilfred through his current employer, Nwoya District Local Government

iii) Salary advance for Akello Juliet was fully recovered

Query	**Payment of Salary off Human Capital Management**

The Auditor General's Review of the HCM payroll register and IFMS payment file revealed that 6 staff were paid a total of UGX.99Mn off the HCM payroll system, contrary to paragraph 4.5 of Establishment Notice No. 2 of 2019, which requires the responsible officer to pay salaries only processed through IPPS/HCM.

The Accounting Officer acknowledged the observation and committed to observing the requirements of HCM system, going forward.

Observation

The Committee observed that the inaction by the Accounting Officer posed a risk of ineligible staff being paid which could lead to a loss of public funds.

Recommendation

The Committee recommends that the Accounting Officer should ensure that all salary payment to staff is through HCM as required.

In the meantime, a reconciliation of salary paid off HCM with the system should be made to rule out any incidents of overpayment.
Action Status
A reconciliation of the salary paid off HCM payroll system was done and it ruled out any ineligible payments. Currently, all staff are being paid through HCM payroll system.

Query	**Failure to Plan for Disposal of the University Assets**

The Committee noted that Regulation 2 (1) of the PPDA (Disposal of Public Assets) Regulations 2014, state that for the purposes of disposal planning, an Accounting Officer shall, in each financial year, cause the public assets of a procuring and disposing entity to be reviewed, to identify the public assets to be disposed of in the following financial year.

The Auditor General noted that the University had no disposal plan for numerous assets recommended to be boarded off by the Board of Survey.

The Accounting Officer concurred with audit observation.

Observation

The Committee observed that there is a risk of further deterioration in the value of the assets if no immediate action is taken to have them disposed of.

Recommendation
The Committee recommends that the Accounting Officer should effectively plan for disposal of University's assets in the next planning cycle.
Action Status
The University now prepares and consolidates its disposal plans together with the procurement plans

Query	**Delay in Implementation of Activities**

The Auditor General observed that out of the 3 sampled projects, one (1) project worth UGX 30.12Bn had been delayed for more than a year from the expected completion date of 30th July 2023 as shown in the table below;

Table: Delayed projects/works

Project description and value	Audit comment
Construction of Business and Development Centre **Contract Amount:** **UGX.**30,122,043,772	The contract was signed on the 19th June 2019 and expected to be completed on 30th July 2023. Upon expiry of the period, the contractor applied for the time extension of 2 years which was granted. The delay to commence works was due to the failure by the University to pay the advance payment, though the advance guarantee was delivered in time by the contractor. However, review of the engineering progress report and physical inspection on October 22nd, 2024, revealed that the project was at 28% while the canteen, which is 10% of the entire project, was roofed and the ground floor of the building was also done as **per photos below**; **Roofed Canteen**  **BDC building** 

Source: Auditor General report FY 2023/2024

This was attributed to the financial challenges of late and non-release of budgeted funds by MoFPED. In the circumstances, the project completion cannot be attained within the agreed timeframe.

The Accounting Officer concurred with the observation of the Auditor General and further explained that the construction of the Business and Development center which started in FY 2018/19 with its completion scheduled for FY 2022/23 had been affected by budget cuts and insufficient releases, despite the University's commitment to have it completed on time. He further explained that with improved releases from Government, its construction now stands at 38% level of completion.

Observation

As already mentioned, the Committee observed that the Construction of the Business center at Gulu had encountered a lot of challenges throughout the years which has exposed the project to abuse and corruption. The project is at a paltry 35% in 7years.

The Committee further noted with concern that the University had negotiated very poor terms and conditions in the contract for the project which is negligent on the part of the Accounting Officer.

For example, aware of the insufficient and intermittent funding, the University had negotiated a contract where it was required to pay interest each time there was a delay in issuance of certificates. For some reason, the University always found money to pay for this interest and not the other functions of the project. This is suspicious.

Recommendation

The Committee recommends that the office of the Auditor General should carry out a forensic and value for money audit on the construction of the Business center at Gulu University.

Action Status

To fast track, the completion of the Business and Development Centre, the Solicitor General awarded the contractor a 10% increase in the contractor

price to take care of price adjustment arising from increase in construction materials.

Subsequently, the University amended the contract with a time extension of 18 months. This amended contract also now excludes payment of interest on delayed payment.

Additionally, Government has enhanced the domestic capital development budget of the University for FY 2025/26 to UGX. 19.325bn from UGX. 6.904bn in abide to fast track the completion of this project. If this is maintained in the University's MTEF and the release is sufficient, this project shall be completed within two (02) Financial Years.

With the above development, the project now stands at 43% level of completion.

1.8 Kabale University

Query | **Budget Performance**

The Auditor General reported that out of the approved budget of UGX.67,125,593,300 the total warrants for the year amounted to UGX.66,589,169,759 as summarised in the table below.

Table showing Summary analysis of entity budget

Sn	Budget category	Total Revised Budget in UGX	% Proportion of total revised budget (%)	Warrants UGX
1	Recurrent (Wage)	39,486,193,183	59	39,486,193,183
2	Recurrent (non-wage)	20,852,832,117	31	20,609,692,576
3	Development	6,786,568,000	10	6,493,284,000
	Total	**67,125,593,300**	**100**	**66,589,169,759**

The Auditor further noted that out of the approved budget of UGX.67Bn, the entity received total warrants amounting to UGX.66.5Bn, resulting in a shortfall of UGX.0.5Bn representing a 99% performance. The UGX.0.5Bnthat was not warranted was meant for activities such as preparation of architectural drawings & bills of quantities for the University multipurpose teaching facility and research activities.

Observation

The Committee noted that failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Multipurpose teaching facility is a strategic infrastructure that would alleviate the challenge of lack of space.

Recommendation

The Committee recommends that

i) the Government should warrant all the budget due to the Ministry to enable them carryout activities.
ii) The Accounting Officer should ensure that all activities are costed in the workplan to enhance frugal expenditure.

Action Status

This is attributed to none release of funds by the MoFPED. The University continuously engages Ministry of Finance Planning and Economic Development for release of funds as evidenced in the copies of submissions. **Appendix I**.

Query	Long Outstanding Payables
The Committee noted that Section 20 (2) of the PFMA Cap 171, provides that a vote shall not take any credit from any local company or body unless it has no unpaid domestic arrears from a debt in a previous financial year; and it has capacity to pay for the expenditure from the approved estimates as appropriated by Parliament for that financial year. However, the Auditor General observed that the University had outstanding payables of UGX.1,788,619,748 as at 30th June 2024. Trend analysis further indicated that the University had outstanding commitments totaling to UGX.1,778,758,881 relating to earlier financial years and incurred a further UGX.9,860,867 in the year under review. The Accounting Officer explained that the long outstanding arrears were inherited by the University from the private dispensation. **Observation** The Committee observed that failure to clear payables could lead to litigation resulting into wasteful expenditure in form of legal fees.	
Recommendation	
The Committee recommends that the Accounting Officer should make adequate plans to clear the outstanding payables.	
Action Status	
The long outstanding payables amounting to UGX 1,778,758,881 relate to domestic arrears that were inherited by the University from the private dispensation. This was to be settled by the Ministry of Finance, Planning and Economic Development as per letter of the Permanent Secretary/ Secretary to Treasury Ref ISS 174/156/07 dated 5th September 2017 (attached) and the University continues to engage MoFPED. Arising from the several requests by the University, UGX 50,470,684 has provided for in the year 2025/2026 though not yet released. Samples of request letters for domestic Arrears are hereby attached **Appendix IV**.	

Query	Admission of Students Outside the Accreditation Terms

The Committee noted that Sections 125 and 128 of the Universities and Other Tertiary Institutions Act Cap 262 (as amended), stipulates that no person shall operate a university, other degree awarding institution or a tertiary institution, without the prior accreditation of its academic and professional programmes by the National Council for Higher Education (NCHE). When accrediting, NCHE prescribes the minimum and maximum number of students which must be enrolled in each program per year.

The Auditor General observed that during the year under review all programs taught by the university were found to be accredited. However, 12 programs were found to have 628 excess students compared to those provided by NCHE without seeking a fresh review of the existing accreditation.

The Accounting Officer explained that for increase of numbers were submitted to National Council for Higher Education.

Observation

The Committee observed that there is a risk of straining the existing infrastructure and resources because of admitting over and above the required numbers provided by NCHE. This could compromise the quality of teaching and learning outcomes.

Recommendation

The Committee recommends that the Accounting Officer should adhere to the accreditation terms or have the existing ones reviewed to accommodate the surging numbers for course.

Action Status

All courses offered at the University are accredited. Arising from increase in the number of facilities and availability of staff, some programs were elevated in terms of numbers. Follow up with National Council for Higher Education for revision of the accredited numbers were made. Confirmation letters are available for verification.

1.9 Muni University

Query | **Budget Performance**

The Auditor General reported that out of the approved budget for the University of UGX 31.64 Bn, the total warrants for the year amounted to UGX 30.44 Bn. Below is a summary breakdown of this budget and warrants.

Table 2: Summary analysis of entity budget

No	Budget category	Total Revised Budget - UGX Bn	Proportion of total revised budget (%)	Warrants UGX Bn
1	Recurrent (Wage)	20.42	65%	20.42
2	Recurrent (Non-wage)	6.47	20%	6.47
3	Development	4.75	15%	3.56
	Total	**31.64**	**100**	**30.44**

Source: MoFPED Budget Financial Report

Out of the approved budget of UGX.31.64Bn of the entity, UGX.30.44 Bn was warranted resulting in a shortfall of UGX.1.20Bn representing 96% performance. The UGX.1.20Bnthat was not warranted was meant for the activities such as preparation of 2 designs with BoQ for Medical School hostel and CBC lecture halls, among others.

Observation

The Committee noted that failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The affected activities are all very crucial in the attainment of the Institute mandate.

Recommendation

The Committee recommends that

i) the Government should warrant all the budget due to the Ministry to enable them carryout activities.

ii) The Accounting Officer should ensure that all activities are costed in the workplan to enhance frugal expenditure.

Action Status

The University received all the funds as per the approved budget in FY 2024/25.

The University costed all the activities in the workplan. However, PBS has restrictions to capture them in the system. **Appendix 1**

Query	On-Going Research
The Committee noted that paragraph 10.9.14 of the Treasury Instructions, 2017, requires that all vouchers shall contain full particulars of each service or goods and will be accompanied by such supporting documents as may be required so as to enable them to be checked without reference to any other documents. The Auditor General observed that payments for research to Principal Investigators totaling to UGX.1.493Bn were made without relevant supporting documents, these were mainly activity reports which would indicate milestones achieved. The Accounting Officer explained that the Research Funds under MUNIRIF were paid to the Principal Investigators towards the end of the financial year and therefore the University has partial accountabilities and progress reports in line with the research guidelines.	
Recommendation	
The Committee recommends that the Accounting Officer should avail progress reports for the research projects for which money was advanced.	
Action Status	
The Principal Investigators under the MUNIRIF research funds have provided accountabilities and progress reports in line with the research guidelines worth UGX. 1,043,370,48.	
Query	**Performance Security**
The Committee noted that Regulation 12 (1) of the PPDA (Contracts) Regulations, 2014, requires a contract to have performance security to protect the PDE against non-performance. The Auditor General observed that the University signed contracts worth UGX.1.486Bn with bidders without requiring them to avail performance security. In addition, I also observed that the University released performance security of contracts worth UGX.9.393Bn before fulfilling the obligations of the provider. Table below refers;	

Table: Contracts with expired and missing performance security

No	Procurement Ref.	Procurement Description	Amount (UGX Bn)	Audit Comment
1	MU/Wrks/23-24/00006	Construction of mechanical workshop	1.49	Performance security not on file
2	MU/Wkks/18-19/00002	Completion of the Construction of Health Science Laboratory Building	9.40	Performance security on file was not valid (Issued on 17/04/2019 valid up to 16/04/2020)
	Total		**10.90**	

Source: Auditor General report FY 2023/2024

The Accounting Officer attributed this to failure of the contractor to renew performance security bond after project extension, for administration block and health science laboratory.

Observation

The Committee observed that without availability of performance security, there is a possibility of failure to perform by the contractor.

Recommendation

The Committee recommends that the Accounting Officer should ensure that contractors renew performance security bonds, in line with revised project completion dates.

Action Status

Management has engaged the contractors and obtained performance security from Desert Breeze for the construction of the Mechanical.

However, the performance security for the construction of the Health Science Laboratory has not been issued to the University by the contractor, Kisinga construction Limited, and as such management has included liquidated damages in the contract.

Query	Delayed Implementation of Works

The Committee noted that Section 53(b) of PPDA (contracts) Regulation 2014, requires the service provider to perform the contract in accordance with the terms and conditions specified in the contract.

The Auditor General observed that the University signed contractual agreements with several companies for works to be completed within specific timelines.

However, a review of progress reports, minutes of site meetings and the physical inspection of the works carried out in October 2023 showed that some of the works worth UGX.11.231Bn were behind schedule.

The Accounting Officer attributed the delay in the multi-year projects to inadequate release of development funds, with 47% in FY 2022/23 and 75% in FY 2023/24.

Observation

The Committee observed that delays in completion of works result in delayed achievement of project objectives and consequently affect service delivery. There is also a risk of cost and time overruns resulting from delays.

Recommendation

The Committee recommends that the Accounting Officer shouldengage the contractors to expedite works and ensure no further delays are experienced.

Action Status

The delays in the completion of the multi-year projects is attributed to inadequate budget and release of development funds, with 47% release in FY 2022/23 and 75% release in FY 2023/24.

1.10 Soroti University

Query | **Budget Performance**

The Auditor General reported that out of the approved budget of UGX.26,720,182,635, the University received total warrants for the year amounting to UGX.26,206,713,122 as summarized in the table below,

Table showing Summary analysis of entity budget

SN	Budget category	Total Revised Budget in UGX	Proportion of total revised budget (%)	Warrants UGX
1	Recurrent (Wage)	20,284537,735	**73.1**	19,527,607,338
2	Recurrent (non-wage)	6,435,644,900	98.1	6,679,105,784
3	Development	0	98.1	0
	Total	**26,720,182,635**	**98.1**	**26,206,713,122**

The Auditor further noted that out of the approved budget of UGX.26.720Bn, the entity's warrants amounted to UGX.26.207Bn resulting in a shortfall of UGX.0.513Bn representing a 98.1% performance. The UGX.0.513Bn that was not warranted was meant for Payment of Living out allowance for Government sponsored students and subscriptions to professional bodies in the Office of Academic Registrar, among others.

Observation

The Committee noted that failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The affected activities are all very crucial in the attainment of the Institute mandate.

Recommendation

The Committee recommends that

i) the Government should warrant all the budget due to the Ministry to enable them carryout activities.

ii) The Accounting Officer should ensure that all activities are costed in the workplan to enhance frugal expenditure.

Action Status

In the Financial Year ended 30th June, 2025, through active collaboration between the University and Ministry of Finance, Planning and Economic Development, the University received and warranted 100% of its approved budget of UGX.39,127,916,571. This was able to greatly enhance the implementation and achievement of expected services. For example, living out allowance for Government sponsored students amounting to UGX.716,401,000 for FY 2024/2025 was warranted 100%. (The Annual Financial Performance Report marked appendix I available for verification)

In the FY 2025/2026, the University has been able to receive at least 50% of its warrants in quarter two under wage and non-wage recurrent fund categories hence improving implementation of services delivery in line with the approved work plan.

Query	**Long Outstanding Payables: UGX.0.245Bn**

The Auditor General noted that the University had outstanding payables of UGX.0.245Bn as at 30th June 2024. Trend analysis

further indicated that the University had outstanding commitments totaling to UGX.0.236Bn relating to prior financial years (2021/2022 and 2022/2023) and incurred a further UGX.0.009Bn in the year under review. These were majorly in respect to internet services, residual salary and gratuity arrears.

Section 20 (2) of the PFMA Cap 171, provides that a vote shall not take any credit from any local company or body unless it has no unpaid domestic arrears from a debt in a previous financial year; and it has capacity to pay for the expenditure from the approved estimates as appropriated by Parliament for that financial year.

The Accounting Officer acknowledged the observation and explained that the University did not have a budget for the arrears and therefore requested permission through a virement from MoFPED to utilize balances which was not granted.

Observation

The Committee observed that the Accounting Officer diverted funds without authorization, which is an offence as prescribed under section 77(q) of the PFMA. Diversion of funds distorts the budget and makes implementation of activities unrealistic.

Recommendation

The Committee recommends that the Accounting Officer should be held liable for diversion of funds, pursuant to section 77(2) of the PFMA.

Action Status

Management managed to reduce its outstanding payables from UGX.0.245Bn to UGX.0.138. This was achieved through a request to the Permanent Secretary/Secretary to the Treasury on utilisation of projected surpluses on wage, which was granted on 23rd June, 2025 via letter Ref: BFPED 009/006/01 marked appendix ii for your verification.

In addition, the university received a budget allocation of UGX. 103,721,000 for FY 2025/2026 earmarked towards clearance of domestic arrears. According to the approved work plan, the university had anticipated to receive these funds in quarter one of FY 2025/2026. Once received will significantly reduce on our

outstanding payables. We thank Ministry of Finance, Planning & Economic Development and the Government of Uganda at large for the continuous support to the University in executing its mandate

Query	**Long Outstanding Receivables: UGX.0.199Bn**

The Auditor General noted that included in the statement of financial position are accumulated receivables amounting to UGX.0.199Bn in relation to utilities prepayments and students' fees.

However, there was no evidence that management had made any effort to enforce recoveries. The Accounting Officer indicated that demand notices would be issued to the respective debtors.

Observation

The Committee observed that delayed collection of the debts may result into a financial loss to the entity. Besides, receivables represent an idle asset that denies the University opportunity to utilize the funds for planned activities.

Recommendation

The Committee recommends that the Accounting Officer should ensure enforcement of the debt management policies so as to safeguard University resources.

Action Status

In line with the recommendation of the Auditor, Management was able to effect enforcement on recoveries of outstanding receivables.

In addition, Management was able to issue closure notices to some of the service providers who failed to comply with payment terms

Refer to the attached notices for your verification marked appendix iii

1.11 Uganda Management Institute

Query	**Budget Performance**

The Auditor General reported that out of the approved budget of UGX 42.02Bn the total warrants for the year for the entity amounted to UGX 40.29Bn. summarised in the breakdown below.

Table Showing Summary analysis of entity budget

SN	Budget category	Total Revised Budget in UGX Bn	% Proportion of total revised budget (%)	Warrants UGX Bn
1	Recurrent (Wage)	20.08	47.79%	20.08
2	Recurrent (non-wage)	20.62	49.06%	19.55
3	Development	1.32	3.14%	0.66
	Total	**42.02**	100%	**40.29**

The audited further noted that out of an approved budget of UGX 42.02Bn, the entity received total warrants amounting to UGX 40.29Bn, resulting in a shortfall of UGX 1.73Bn representing an 96% performance. The UGX 1.73Bn that was not warranted was meant for co-coordinating Alumni activities, reviewing curriculum for programs, renewal of subscriptions for associations, operationalization of endowment fund, 10% social contributions and promoting of staff, safety assessments. The Audit audited 96.2% (UGX. 38.77Bn) of the total warrants and the committee made the following observation and recommendation.

Observation

The Committee noted that failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The affected activities are all very crucial in the attainment of the Institute mandate.

Recommendation

The Committee recommends that

i) the Government should warrant all the budget due to the Ministry to enable them carryout activities.
ii) The Accounting Officer should ensure that all activities are costed in the workplan to enhance frugal expenditure.

Action Status

All unfunded planned activities were rolled over for implementation to the subsequent Financial Years. The inability to implement was due to the delayed release of funds in the required periods of implementation.

In the FY 2024/2025, all budget outputs were fully implemented as per plan

Query	Recognition of Payables Outside the IFMS Invoicing Module

The Auditor General noted that all the items categorized as payables totaling to UGX 6.53Bn did not go through the invoicing module in the IFMS and did not reflect under the corresponding account areas being affected in statement of financial position and other financial statements. The categories of the payables were as per the table below

Table: Showing the categories of items under payables

S/N	Category of item	Amount (UGX Bn)	Comment
1.	PAYE	3.54	URA Penalties Related to payroll
2.	WHT	0.003	WHT tax that were deducted and remitted automatically to URA by system on supply of goods and services by 30th June 2024 but yet the actual payment had not been effected.
3.	Goods and services consumed	2.99	Related to suppliers' invoices of consumptive nature, that remained unpaid at year end of contract period.
	TOTAL	**6.53**	

Source: Auditor General report FY 2023/2024

The Accounting Officer explained that the UGX 0.003Bn is 6% WHT tax that was deducted and remitted automatically to URA by the system on supply of goods and services by 30th June 2024 but the actual payment had not yet been effected. It is a timing difference which clears in the subsequent months.

Observation

The Committee observed that recognizing items of non-qualifying nature as payables makes the financial statements misleading to the users.

Recommendation

The Committee recommends that the Accounting Officer should ensure that outstanding payments are included in the financial statements when their respective invoices have gone through the IFMS invoicing system during the year and then budget for domestic arrears/payables in the subsequent financial year and have them paid from the respective budget lines.

Action Status	
This was handled, and full disclosure has been subsequently made in the Annual Financial Statements.	
Query	**Irregularities in the Procurement of Consultancy Services for Electronic Document Management System (EDMS) for UMI Registry**
The Auditor General observed that the contract for the above procurement was awarded to MFI Document Solutions at a contract price of UGX.0.161Bn under CC MIN.UMI/PDU/CCM/ISO:9001-2015/23-24/05/18/08. **Budget Overruns** The Committee noted that Section 26(5) PPDA Act Cap 205, requires Accounting Officer not to sign a contract, where the price quoted by the bidder who is evaluated by a Contracts Committee as the best evaluated bidder is higher than the market price established by the Accounting Officer. The Auditor General observed that according to the budget, the procurement was planned to cost UGX 0.145Bn. The estimated and approved cost at requisition (Form 5) was UGX 0.161Bn and the contract was subsequently awarded to M/s. MFI document Solutions Ltd at the estimated price. The Auditor General noted that the entity's award price exceeded the planned budget by UGX 0.016Bn. There was no evidence that the excess amount would be available. The Accounting Officer explained that Procurement of Consultancy services was cross-cutting from FY 2023/2024 to FY 2024/2025 the balance was budgeted in the next financial year of 2024/2025.	
Recommendation	
The Committee recommends that the Accounting Officer should ensure that before signing any contract the quoted price of the bidder should be confirmed with the market price.	
Action Status	
This has been fully implemented	

1.12 Law Development Centre

Query	Outstanding domestic arrears

Audit Finding

The Law Development Centre (LDC) had outstanding domestic arrears amounting to UGX.3.36Bn as at 30th June 2024. Included in the domestic arrears was a land-related liability of UGX.0.65Bn incurred in the year under review, which arose from a court case.

Section 21(2) of the Public Finance Management Act, Cap. 171 states that a vote shall not take any credit from any local company or body unless it has no unpaid domestic arrears from a debt in the previous financial year; and it has capacity to pay the expenditure from the approved estimates as appropriated by Parliament for that financial year.

Audit noted that the Law Development Centre had outstanding domestic arrears amounting to UGX.3.36Bn as at 30th June 2024. Included in the domestic arrears is a land-related liability of UGX.0.65Bn incurred during the year under review and arose from a court case.

A review of the approved budget estimates for the year revealed that LDC made a budget provision of only UGX.78.7Mn towards the settlement of arrears of UGX.2.81Bn, leaving a balance of UGX.2.73Bn not budgeted for.

Continued incurrence of domestic arrears adversely hampers budget performance in the subsequent year as outputs anticipated in the appropriated budget cannot be attained due to the settlement of arrears.

Besides, the failure to sufficiently budget for the settlement of domestic arrears implies that the debt will persist and increase the risk of nugatory expenditure in future due to the likely litigation from suppliers.

The Accounting Officer explained that the domestic arrears arose due to the Ministry of Finance, Planning and Economic Development's

failure to release funds as appropriated by Parliament, particularly in the financial years of 2019/2020, 2020/2021 and 2021/2022. A total of UGX.11.35Bn was not released over these financial years.

The Accounting Officer further explained that the unbudgeted arrears, totaling to UGX.0.217Bn and comprising outstanding legal fees and allowances for part-time lecturers, were settled because they could not be deferred to the following year.

Recommendation

The Accounting Officer should institute strict controls to minimise unbudgeted payments. In exceptional cases, the Accounting Officer should seek prior approval for any reallocation of funds. In addition, the Accounting Officer should also strictly comply with the Public Finance Management Act, by avoiding incurring new arrears and engaging the MoFPED to address the consistent shortfall in fund releases.

Action

Internal controls have been established to monitor and limit the incurrence of unbudgeted payments, including tracking obligations against approved budget allocations.

For any exceptional expenditures prior approval is sought from relevant authorities before funds are committed.

Engagement wth MoFPED to address delays or shortfalls in budget releases, especially for arrears originating from prior financial years.

Measures are being implemented to avoid the accumulation of new domestic arrears, including prioritising timely payment of obligations within the approved budget and enhancing financial planning processes.

Furthermore,unbudgeted arrears have been eliminated, with critical payments settled only after due approvals.

Collaboration with MoFPED is ongoing to secure timely and full release of funds to prevent future arrears and ensure smooth budget performance.

LDC continues to monitor domestic arrears closely, aiming to eliminate the outstanding UGX.3.36Bn over the medium term while maintaining compliance with PFMA Cap 171

Query	**Understaffing at LDC**

Audit Finding

I noted that out of 176 full-time staff required per the approved structure, only 125 (71%) were filled, leaving 51 (29%) vacant positions, as summarised in the table below;

Category	Establishment	Filled	Vacant	%age Filled
Teaching Staff	32	13	19	41%
Non-teaching Staff	144	112	22	78%
Total	176	125	51	71%

The most affected category is the teaching staff, with the structure only filled up to 41%, while teaching is the core mandate of LDC.

Understaffing negatively impacts the quality of education delivered and places undue strain on the available staff, pushing them beyond their capacity and leading to job-related stress.

The Accounting Officer explained that LDC is in the process of revising its Standing Orders, including its organisational and salary structures, with the objective of coming up with optimal staff levels, particularly focusing on teaching staff, who are considered the core staff of the Institution

Recommendation

I advised the Accounting Officer to promptly finalise the revision of the Standing Orders and organisational structure to ensure that staffing levels align with the LDC's operational requirements. In addition, I advised the Accounting Officer to seek funding to support recruiting additional staff and prioritise the recruitment of teaching staff.

Action Status
LDC is actively revising its Standing Orders, including reviewing the organisational and salary structures, to determine optimal staffing levels. Recruitment planning has been initiated, with a focus on increasing the number of teaching staff, given that only 41% of the approved teaching positions are currently filled. Efforts are underway to mobilise funding for additional staff recruitment to address the 51 vacant positions, especially in the teaching category. Non-teaching staff positions have largely been filled (78%), and recruitment plans are now focused primarily on critical teaching roles. The revision of organisational structure is in progress, with recruitment planning and funding strategies being pursued. Teaching staff shortages remain a key priority, and LDC is implementing measures to fill critical vacancies to improve educational delivery and reduce staff workload.

Query	Management of Public Land
Audit Findings **Delayed registration and titling of land** Section 49 (c) of the Land Act, cap 236, states that the Uganda Land Commission shall procure certificates of title for any land vested in or acquired by the Government. Audit reviewed LDC's land records and noted a delay in the amalgamation of the certificates of title for its land located at Kagugube, Makerere, measuring 1.675 hectares. Audit further observed that several other claimants dispute LDC's ownership of the land, and the issue is yet to be resolved by LDC's management. Details regarding the land are in the table below;	

Sn	Details of the land	Plot numbers	Audit Comments and observations	Management Response
1	Specifications of the land	Block 9 Plots nos. 170, 451, 450, 89, 34, 154, 155, and 156	• The land owned by LDC measures 0.678 hectares (equivalent to 1.675 acres)	LDC was working on the amalgamation of the plots together with Uganda Land Commission. The process will be completed by the end of March 2025. The delay in amalgamation was caused by court cases involving plots 34, 154, 155, 156 and plot 451. The cases have since been dismissed in favour of LDC.
2	**Plots under ownership dispute**			
2(a)	Disputed ownership	Plots 154 and 156	• An estate of the late is claiming ownership of the two plots. • The steps taken by LDC and the progress of resolving the dispute were not clear.	Plots 34, 154, 155 and 156 have been subject of litigation. The court established that the estate of the late had never owned any part of the land which was compulsorily acquired and occupied by LDC. The said case was dismissed with costs on 22nd April 2024. The process of amalgamating these plots, among others, is underway.
2(b)	Part of the land is encumbered	Plot 451	• This is the plot where the LDC court is located. • Plot 451 (part of the land) was mortgaged to secure a loan from Guaranty Trust Bank Ltd (GT Bank). • The title is, therefore, encumbered.	Plot 451 was acquired by the Government for the LDC under the Statutory Instrument of 1973. LDC obtained a leasehold title for the land in 2003 from the Lease Registry at the Ministry of Lands. In 2017, LDC learnt that Post Bank had applied in the Execution Division of the High Court (EMA-No. 315/17 CS No. 653/ 2016) for the attachment of Plot 451. LDC filed objector proceedings and successfully managed to stop the sale/ attachment. The court advised the claimant to seek compensation from the government if he was never compensated. To protect the land, LDC lodged a caveat to prevent any further dealings or transactions on it. In 2019, LDC conducted investigations with the Office of the Chief Government Valuer and discovered that the previous land owner was compensated by the government in 1975 through the Ministry of Finance with a payment of UGX.3,500 (Three thousand five

				hundred shillings) for both Plot 450 and Plot 451. In 2022, Guaranty Trust (Uganda) Ltd wrote to LDC claiming that it had granted a loan to Mafalin Gas, and the same title was re-mortgaged. LDC responded, informing the bank of the property's status, including the fact that it was acquired by government subject to a Court Order, it had a caveat by LDC and that the transaction was void ab initio. LDC is currently working with the Uganda Land Commission to cancel the Mailo land title held by the claimant and have the land included in the amalgamated title which is being processed. The process is expected to be completed in March 2025.

There is a risk that LDC will lose part of this land to the claimants unless prompt corrective action is taken. In addition, the prolonged resolution and delays in acquiring a title for the land continue to expose LDC to litigation risks and potential loss of public land.

Unutilised land

Paragraph 16.13.12 of the Treasury Instructions, 2017 provides that in order to control an asset, a government entity usually has to be the predominant user of the asset.

A review of the land records revealed that three (3) pieces of land were not under LDC's control, and LDC was either a squatter or other claimants were occupying the land. Details follow below;

LDC owns land in Bukoto, which is comprised of Mailo register Kyadondo Block 213 Plots 1 and 4. However, LDC is not using this land as squatters occupy it;

LDC maintains records for land in Kibuga Block 9, which comprises plots 245, 247, 248, and 250 as land owned by the Institution. However, this land was registered in the name of an individual since 21/09/1994, as per LRV 1464, folio 17 and is occupied by squatters;

The land in Kibuga on Block 9, consisting of plots 481 and 482 located on Sir Apollo Kaggwa Road, is among the plots acquired by Government for the benefit of LDC. For Plot 482, part of this land, which is under the custody of the Uganda Land Commission, is registered in the name of an individual. The administrators of the Estate of the late husband and wife are also claiming ownership of this land and are currently utilising it.

Although LDC is taking steps to resolve the disputes and recover the Institution's land, the issues are yet to be finalised.

The resolution of disputes is expensive and offers no guarantees that they will be resolved in favour of the Government. The failure to use the land in the first place may have contributed to the land ownership disputes.

The Accounting Officer explained that the land at Bukoto had squatters who illegally encroached upon it. However, the squatters have been engaged in boundary opening (boundary demarcation) and establishing their identities, and a valuation has been conducted. The results are yet to be considered by the LDC Management Committee

Recommendation

The Accounting Officer to put in place measures to expedite the process of acquiring land titles for all the land under the control of the vote.

The Accounting Officer to expedite the resolution of land ownership disputes for the properties at Bukoto, Kibuga Block 9, and Sir Apollo Kaggwa Road. This should involve engaging with relevant authorities, including the Uganda Land Commission, to clarify ownership and ensure the land is under LDC's control and use. I also advised the LDC Management Committee to review the valuation and boundary demarcation process results and take necessary actions without delay.

Action Status

LDC has initiated the amalgamation of multiple plots at Kagugube, Makerere, with the Uganda Land Commission, expected to be completed by March 2025.

Court cases challenging ownership of plots 34, 154, 155, and 156 have been dismissed in favor of LDC, mitigating immediate risk of loss.

Plot 451, which is encumbered due to previous mortgage claims, is being regularized in coordination with the Uganda Land Commission to cancel the prior title and include it in the amalgamated title.

For unutilised land at Bukoto and Kibuga Block 9, boundary demarcation, valuation, and identification of squatters have been conducted, with results pending review by the LDC Management Committee.

LDC is actively engaging the Uganda Land Commission and other relevant authorities to finalize ownership claims and ensure the properties are brought under proper institutional control.

Query	**The roll-out and progress of automation of processes and teaching services**

Audit Finding

reference number LDC/SVCS/2021/2022/00013 at an annual cost of UGX.129Mn to provide an Academic Institution Management System (AIMS) to manage various academic functions.

Specifically, the software solution was created to handle student's data and manage students' information related to admissions, enrollment, fees payments, academic planning, and graduation processes.

Reviewing the different committee meeting minutes showed that LDC has faced ongoing challenges with the Academic Institution Management System for the last three (3) years.

These challenges have limited the full utilisation of the various modules, including admissions, enrolment, registration, curriculum management, results management, fees and invoicing, biodata management, user role and profile management, the student portal and reports generation.

In addition, audit reviewed reports from the ICT section, the Academic Registrar's office (on admissions and examinations), the Finance department, and the Bar Course department and observed the following issues;

AIMS includes an applications module where all students' applications are processed within the system. However, the reports extracted from this module were not correctly configured to meet the specific needs of the admissions board, which is the principal user of this module. As a result, users have to manually edit reports to align with the required format, which increases the risk of errors and creates opportunities for manipulation of the reports.

AIMS manages the fees and invoicing module, which interfaces with URA, to manage LDC's revenue from students' fees. However, discrepancies have been observed between the figures reported in the financial statements and those recorded in AIMS, with reconciliations being done manually.

I also observed that self-registration and invoicing for students who missed exams and those with supplementary exams and retakes are managed manually. This manual process opens the possibility for human errors or manipulation of financial data.

The service provider has failed to address these issues, further complicating the efficient operation of the fees and invoicing processes within the system and the admission processes.

These Information Technology limitations undermine the goal of automating the academic management processes, cast doubt on the credibility of the information from such a system, and may affect the Institution's key management decisions.

The Accounting Officer explained that after a comprehensive market assessment, LDC was considering transitioning from AIMS to Academia, a more comprehensive Student Information System.

Recommendation

The Accounting Officer to take immediate steps to address the ongoing challenges with the Academic Institution Management System or expedite the transition to a more reliable and comprehensive system.

Action Status

The AIMS system has been reviewed and critical functional gaps identified affecting admissions, invoicing, and reporting.

Steps for transition has been initiated to the Academia Student Information System, including market assessments and planning for data migration.

Interim measures have been implemented to improve reconciliations, reduce manual interventions, and mitigate errors in fees processing and report generation.

Stakeholder engagement (ICT, Academic Registrar, Finance, and Bar Course departments) is ongoing to ensure smooth adoption of the new system.

A timeline for full implementation of the new system is being developed to ensure the transition is completed efficiently and that the system reliably supports all academic and financial management functions

Query	**Management of the LDC publishers**

Audit Findings

LDC's publishers is a Section of the LDC, that draws its mandate from the LDC Act, Cap 132, and its main objective is to assist in the fulfilment of one of the statutory functions of the Centre, which includes: publishing periodicals, bulletins, digests or other written material concerned with legal and related matters for use by law students, members of the legal profession and the general public.

LDC publishers mainly complement the Department of Law Reporting and Research by publishing law reports, reprinting the Acts of Parliament, and other legal publications necessary for the Institution's curriculum and the general public.

In the financial year 2021/2022, LDC invested UGX.2.14Bn in remodeling the printery building to improve the working conditions of the staff and UGX.2.5Bn in the acquisition of the state-of-the-art machinery to enhance processes and also cut on the high costs of printing externally.

Despite having invested this much in the publishers' section, audit observed the following;

1. Failure to conduct extensive training for machine operators

A review of the LDC records revealed that, aside from basic after-sale training provided by the supplier for the publishing equipment, no comprehensive training program has been planned for staff to operate the machinery effectively.

Audit further noted that the equipment is underutilised or, in some cases, redundant, as the available staff are not fully equipped with the skills needed to operate some key machines effectively.

Furthermore, the training plan for the financial year 2024/2025 does not include a provision for advanced training of machine operators.

The lack of extensive training means that staff may lack the necessary expertise to use the equipment properly. Without proper training, there is an increased risk of damage or breakdowns, as untrained staff may inadvertently misuse the machinery.

The Accounting Officer acknowledged that comprehensive staff training is crucial for maximising the utilisation and longevity of our newly installed equipment, and plans were underway to undertake the training using remote training modules.

2. Staffing shortages in LDC publishers

From a review of the LDC staff establishment, I noted that the LDC Publishers department is staffed with only seven (7) employees, including one (1) manager and six (6) machine operators.

Given the 23 machines available, each operator manages an average of four (4) machines simultaneously.

Audit further observed that the structure of the publishers' unit lacks key positions such as quality control officer, proofreader, graphic designer, and marketing assistant. I could not establish the individuals assigned to carry out these roles.

The current staffing structure and numbers put considerable strain on the existing few staff. This implies that there may not be adequate

supervision and that some critical roles cannot be carried out or will be inadequately done.

The Accounting Officer explained that the Ministry of Finance was engaged to increase the wage ceiling in the next financial year. In the meantime, tasks have been redistributed, and cross-trained staff are being leveraged to fill critical operational gaps.

3. Evaluation of the progress in implementing LDC's Strategic Plan for LDC publishers

Audit reviewed the LDC strategic plan (2020/21 – 2024/25) to assess the Publishing Section's level of implementation in line with its business goals and objectives. These goals include;

i) Expanding the market share for legal publications by 50%.

ii) Contributing at least 15% to LDC's generated revenue.

iii) Improving production processes and systems by 30%.

iv) Building the capacity of the section to enable efficient sales and delivery of goods and services to target customers.

Audit observed the following;

With the vision of being the leading publisher and information resource of legal and other publications in Uganda, expanding the market share for legal publications remains a challenge. This was attributed to the manual production processes that were not up to standard, the lack of the required expertise to manage the machinery, and the failure to operate all the machines fully.

All the production processes have remained a challenge to the section, especially the manual management of stores for materials and finished products and the failure to operate all the machines fully.

Marketing products under the distribution line remains a challenge to the section, especially due to the lack of structures in the regional campuses and an automated inventory management system that

integrates the stores with distribution to manage the forces of demand and supply.

Despite the investment made in the publishers' section, value for money was yet to be achieved and this hinders the section's ability to meet the targets set in the strategic plan.

The Accounting Officer explained that management was actively exploring proposals to gradually upgrade the production processes, enhance quality, and position itself competitively within the publishing industry. The Accounting Officer further explained that LDC engaged the machinery supplier to provide an online support program for any queries on machine operation, to which a positive response was received, and a Chinese engineer was assigned to support the section remotely.

4. Results of the physical inspection of the Publishers' section

a) Installation and use of machinery

Audit carried out a physical inspection on 10th October 2024 to assess whether all the machinery had been delivered and working/functioning. I noted that although all the equipment had been delivered, machines worth UGX.1.95Bn had not been installed. Some machines were installed but not yet in use due to lack of training of staff, while other machines lacked the components required for them to operate.

These machines have remained non-operational, some for up to 20 months. This not only contradicts the purpose for which the equipment was procured but also means that LDC was not deriving the expected value from the money spent.

The Accounting Officer explained that management had engaged the supplier to deliver the missing components such as the compressor, and to install the pipework connecting the centralised compressor to all the machines. In addition, the supplier was asked to provide a technician to install the components that were earlier delivered.

b) Progress on re-modification of the printery building

Audit physically inspected the printery building on the 10th October 2024, to confirm whether the re-modification of the building was done according to the approved design. Several issues were noted, which I have outlined in the following observations;

Toilet facilities: The toilet attached to the production area of the publishers' section had been out of service for about two months, and despite multiple engagements with the contractor, the repairs were not yet carried out.

Staircase construction: The building plans provided stairs to allow users to access the building without going through the production area. However, these stairs were not constructed, even after several engagements with the contractor. I noteed that the project's defects liability period has ended, leaving the issue unresolved.

Access for Persons with Disabilities: Contrary to section 10 of the Persons with Disabilities Act, Cap 212, which requires that buildings to which the public is allowed access should include facilities that accommodate people with disabilities. I noted that no provision was made to facilitate access by the PWDs.

Specifically, the bookshop could only be accessed through the production area, which is not suitable for PWDs, as the necessary ramps or alternative access points were not included.

Design issues: The building's design provided metallic louvres in the production area and concrete Jali blocks for the balcony on the second floor of the building. However, the building floods whenever it rains, and the areas most affected are the production area, bookshop, manager's office, boardroom, and stores. This design flaw exposes machinery, stock and equipment to potential damage from flooding.

The failure to repair toilet facilities, construct the staircase, and provide access for people with disabilities all have safety and legal implications as they create an unsafe environment for staff and customers. In addition, failing to address the outstanding issues within the construction project's defect liability period could lead to loss of funds and further costs for the LDC to rectify the anomalies.

The Accounting Officer explained that there was no space provided for a ramp in the area mentioned, and the only available space was where the ramp was placed at the entrance to the printing area.

The Accounting Officer further explained that the building's design was for a flat roof without eaves or overhanging edges. The metallic louvres were provided for ventilation and natural light, and it was due to the lack of eaves that water entered the building during rainfall. However, plans were underway to install shades or canopies above metallic louvres and also have structural issues fixed.

Recommendation

Audit advised the Accounting Officer to ensure regular and thorough staff training is included in the Institution's work plans to ensure proper and efficient use of the purchased equipment.

Audit advised the Accounting Officer to ensure that critical functions such as quality control, design and marketing roles are properly being handled. Further, LDC should carry out a detailed workforce analysis to ensure the appropriate distribution of responsibilities, thereby maintaining the efficiency and quality of operations.

Audit advised the Accounting Officer to prioritise the training to enable staff to optimally use the machinery and review all the processes in the section, including the staff establishment, management of staff, price list for the products, management of stores/distribution and the payment process.

Audit advised the Accounting Officer to comprehensively review the building's design flaws and ensure the contractor expeditiously addresses the outstanding issues. These issues should be prioritised and completed promptly to ensure legal and safety standards compliance.

Action Status
LDC has initiated staff training programs targeting equipment operation, quality control, and process management. A workforce analysis has been commissioned to assess staff roles, responsibilities, and workload distribution for optimal performance. Process reviews are underway, including staff establishment, pricing structures, inventory management, and payment workflows, to improve efficiency and accountability. The contractor has been instructed to address all outstanding building design issues, with timelines set to ensure completion and compliance with safety and legal standards. Monitoring mechanisms have been put in place to track progress on training, process improvements, and building completion to ensure timely implementation of all recommendations.

Query	Review of the implementation of the approved budget

Audit Findings

Paragraph 2(a) of schedule 5 of the Public Finance Management Act, Cap. 171, requires Accounting Officers to prepare an appropriation account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament.

The approved budget of UGX.34.21Bn was fully warranted. Below is a summary breakdown of the budget and warrants

Sn	Budget category	Total budget (UGX Bn)	%age Proportion of budget	Warrants (UGX Bn)
1	Recurrent (Wage)	8.44	25%	8.44
2	Recurrent (non-wage)	20.94	61%	20.94
3	Development	4.75	14%	4.75
4	Arrears	0.08	0%	0.08
	Total	**34.21**		**34.21**

Audited 99.8% (UGX.34.14Bn) of the total warrants, as illustrated in the table below;

Sn	Details	Amount audited (UGX Bn)	Cumulative %age
1	Wage expenditure	8.44	24.7%
2	Other outputs/activities reviewed	25.7	99.8%
	Total amount audited	**34.14**	
	Total amount warranted	**34.21**	

Based on the procedures undertaken, below are my findings;

1. Utilisation of warrants

LDC received and fully utilised warrants totaling to UGX.34.21Bn, representing 100% of the entity's budget for the year.
Audit assessed the extent of implementation of all the 11 outputs with 87 activities worth UGX.34.14Bn for which funds were availed and utilised and made the following observations;

Ten (10) outputs with 78 activities and expenditure worth UGX.33.04Bn were fully implemented.
One (1) output with nine (9) activities worth UGX.1.09Bn was partially implemented. Out of nine (9) activities under this output, six (6) activities worth UGX.0.99Bn were fully implemented, while three (3) activities worth UGX.0.10Bn were partially implemented. Refer to the table below for the partially implemented activities;

a) Partially implemented activities

Despite receiving funds to implement the planned activities, I noted that LDC partially completed several activities, including printing of the High Court Bulletins, Uganda Law Reports, and the uploading of e-reports to the website. The table below refers;

Sn	Activity	Amount warranted (UGX Mn)	Amount Spent (UGX Mn)	Audit Comments
1	Printing 300 copies of High Court Bulletins (HCB) Vol 1 and 2 for 2023,	100.5	100.5	Although all the funds for printing the 300 copies of the bulletins were received, this was not done as the bulletins were still being reviewed. The actual printing of the HCB was not done by the end of the financial year.

2	Printing 300 copies of Uganda Law Reports Vol 1 and 2 for 2023 and			Although all the funds for printing the 300 copies of the Uganda Law Reports were received. The actual printing of the reports was not done by the end of the financial year.
3	Uploading of E-reports on website			The Editorial Board sat in July, which was already after the end of the financial year.
	Total	**100.5**	**100.5**	

The Accounting Officer explained that all the materials were procured however, the reports could not be printed until the Editorial Board, whose meeting was rescheduled for the financial year 2024/2025, approved the manuscripts.

Recommendation

Audit advised the Accounting Officer to ensure that the necessary approvals of the Editorial Board are promptly obtained in the financial year 2024/2025 to enable the printing and publication of the reports. In addition, I advised the Accounting Officer to review LDC's planning and scheduling processes to prevent future delays related to Editorial Board approvals

Action Status

Editorial Board approvals are promptly obtained within 2 weeks of receiving an approval to gp and publish.

Planning processes are under review to prevent future delays for printing and online publication.

Monitoring of time-bound outputs dependent on Board actions have been strengthened to ensure timely delivery of all outputs.

Query	**Review of procurement**

Audit Findings

1. Failure to undertake market surveys

Regulation 5 (1) of the PPDA (Rules and methods for procurement of supplies, works and non-consultancy services) Regulations, 2014 states that in order to determine the market price of a procurement requirement, the Accounting Officer shall use all appropriate sources of information including; a) prices obtained on previous similar bids or contracts, taking into account any differences in the quantities

purchased; b) prices published or advertised by potential providers; and c) a buildup of estimates of prices of components of the works, non-consultancy services or supplies.

Contrary to the above, IAuditnoted that management did not conduct market surveys or assessments for 17 procurements awarded worth UGX.5.2Bn, to justify their estimated cost during procurement planning.

Failure to undertake market price assessments could lead to the procurement of goods and services at uncompetitive prices, which could affect the achievement of value for money.

The Accounting Officer pledged to ensure that market surveys are done during the planning and budgeting stage for procurements moving forward.

2. Inadequate market price assessment

Regulation 5(3) of the PPDA (Rules and methods for procurement of supplies, works and non-consultancy services) regulations, 2014 requires the Accounting Officer to re-assess the market price where the price of the best-evaluated bidder is higher than the market price established at the commencement of the procurement to ascertain that the market price is still valid.

A review of the sampled procurements revealed that nine (9) procurements had significant price variances between market-assessed prices and the final contract amounts, with variances ranging from 11% to 55%. In all cases, the contract prices were below the market-assessed prices.

Contract prices significantly below estimates expose the entity to exploitation due to inadequate knowledge of prevailing market prices. In such cases, management may struggle to determine whether the awarded price is within the acceptable market range. This situation also creates budgetary slack, which can be exploited for the improper use of appropriated funds.

On the other hand, contract prices far above market-assessed prices expose the entity to uncompetitive prices and could lead to either diversion of funds from other planned activities or accumulation of domestic arrears.

The Accounting Officer acknowledged this shortcoming and pledged to ensure that market surveys are done during the planning and budgeting stage for procurements moving forward.

3. Shortlisting of bidders with inadequate capacity to execute contracts

Regulation 43 (1) of the PPDA (Rules & Methods) regulations, 2014 provides a shortlist to include at least three bidders to ensure competition. Regulation 43 (4) (a) provides that where a procuring and disposing entity develops a shortlist, there shall be a fair and equal opportunity afforded to all bidders, and there shall be no barrier created to deter competition.

Regulation 43 (4) (c) further requires that a bidder shall not be included unless they are expected to fully satisfy the qualification requirements of competence, capacity, resources and experience required to execute the procurement.

A review of procurements under restricted bidding method revealed that four (4) procurements worth UGX.0.42Bn that were undertaken using the restricted bidding method had shortlisted firms without the capacity to supply despite the entity having several pre-qualified providers.

Audit noted that the firms were eliminated at the preliminary stage due to expired/lack of trading licenses, invalid/failure to submit tax clearance certificates, unauthorised powers of attorney, provision of performance instead of bid security, etc.

The inclusion of firms without the capacity to supply is contrary to the regulations. The practice limits competition for the works/supplies rendered to the entity, thus hampering the achievement of value for money on funds spent.

The Accounting Officer explained that LDC conducts prequalification every three (3) years, and the bidders selected during the shortlisting stage were pre-qualified and had valid legal documents at that time. However, since the law requires that bidders constantly renew those documents annually, some bidders failed to take the necessary steps to comply.

Recommendation
Audit advised the Accounting Officer to develop formal procedures for conducting market surveys and price assessments during the procurement planning, ensuring that the estimated costs of procurements are justified by reliable and up-to-date market data Audit advised the Accounting Officer to always review the contract prices that are far below the assessed market value to evaluate their competitiveness. For contract quotes far above market assessments, the Accounting Officer should always undertake a re-assessment of the prices and also ensure that sufficient funds are available for the procurement before signing the contracts. Audit advised the Accounting Officer to always ensure that only bidders who fully satisfy the qualification requirements, including competence, capacity, resources, and experience, are included in shortlists for procurement. In addition, management should regularly review bidder credentials, including licenses and tax clearance certificates, to ensure that they remain up to date and that all pre-qualified bidders remain compliant.
Action Staus
Formal procedures for conducting market surveys and updating price assessments during procurement planning are being undertaken. Procedures have been put in place to evaluate contracts with prices significantly above or below market values, ensuring competitiveness and availability of sufficient funds before signing contracts. Bidder Prequalification and Shortlisting to regularly review bidder credentials (licenses, tax clearance certificates, and other legal documents) to ensure that only fully qualified bidders are included in

shortlists is being undertaken and actvity incorporated in the procurement plan. Prequalification processes has been strengthened to ensure compliance.

Query	**Audit of the Treasury Memorandum**

Audit Findings

In accordance with the requirements of Section 12(f) of the National Audit Act, Cap 170, I carried out an audit of the Treasury Memorandum of the Centre and issued a separate report containing the details of the methodologies utilised and my audit results.

Observations

A summary of the extent of implementation of Parliamentary recommendations is provided below; Out of seven (7) recommendations given by Parliament, six (6) were fully implemented, while one (1) was not implemented.

Detail of the Treasury Memorandum	**Number of Parliamentary Recommendations in the Treasury Memorandum**	**Number of recommendations**		
		Fully Implemented	**Partially Implemented**	**Not Implemented**
Treasury Memorandum of the Report of the Public Accounts Committee on Commissions, Statutory Authorities and State Enterprises for the Financial Year 2020/21	7	6	0	1

Audit issued the details of my findings and conclusions in a separate report which was submitted to Parliament.

Recommendation

The Accounting Officer of the Centre should

Urgently review the outstanding recommendation and implement corrective actions to ensure full compliance.

Establish a systematic follow-up process to track the implementation status of all Parliamentary recommendations and ensure timely closure.

Submit regular progress reports to Parliament on the implementation of recommendations to enhance accountability and transparency. Conduct internal reviews to identify challenges preventing implementation and institute measures to avoid recurrence of non-compliance.
Action Status
The outstanding recommendation is under urgent review by the Accounting Officer and steps are being taken to implement corrective actions to achieve full compliance. A systematic follow-up process is being established to track the status of all Parliamentary recommendations. Mechanisms have been put in place to submit regular progress reports to Parliament on implementation status. Internal reviews are being conducted by US to identify challenges preventing implementation and ensure measures are adopted to avoid recurrence.

1.13 Mountains of the Moon

Query	Long Outstanding Payables
Audit Findings Section 20 (2) of the PFMA Cap 171, provides that a vote shall not take any credit from any local company or body unless it has no unpaid domestic arrears from a debt in a previous financial year; and it has capacity to pay for the expenditure from the approved estimates as appropriated by Parliament for that financial year. However, Audit noted that the University had outstanding payables of UGX.0.894Bn as at 30th June 2024. Trend analysis indicated that out of the total outstanding commitments, UGX.0.814 relates to earlier financial years and the University incurred a further UGX.0.042 in the year under review. The failure to clear payables could lead to litigation resulting into wasteful expenditure in form of legal fees.	

The Accounting Officer explained that MoFPED is being engaged to provide the necessary funding

Audit advised the Accounting Officer to make adequate plans to clear the outstanding payables.

Observation

Section 20 (2) of the PFMA Cap 171 requires that a vote shall not incur new commitments from any local company unless. There are no unpaid domestic arrears from previous financial years. The vote has the capacity to pay from the approved budget. The University had outstanding payables of UGX 0.894Bn as of 30th June 2024.UGX 0.814Bn related to prior financial years. UGX 0.042Bn arose in the current year.. Failure to settle these payables exposes the University to litigation and potential wasteful expenditure on legal fees.

Accounting Officer indicated engagement with MoFPED for funding.

Recommendation

The Accounting Officer should develop a clear payment plan to fully settle all outstanding domestic arrears, prioritizing older commitments first.

Ensure that no new expenditure commitments are made with suppliers or contractors until existing arrears are cleared, in compliance with Section 20(2) of PFMA.

Strengthen commitment control systems to track unpaid obligations and prevent accumulation of arrears in future.

Continue liaising with MoFPED to secure timely funding to meet obligations

Action Status

A timetable to fully settle all outstanding arrears, prioritizing older debts first has been drawn and is being implemented.

Commitment Control made that no new financial commitments to suppliers or contractors until arrears are cleared.Outstanding amounts reduced to 30% subsequent financial will clear the rest.Also improved monitoring to track unpaid obligations and prevent future accumulation of arrears.

Entity continue liaising with MoFPED to secure timely funding to meet obligations.

Query	Faculty of Agriculture Complex

Audit Findings

Unauthorized Multi-Year Commitment: UGX.15.491Bn

Section 19 (1&2) of the Pubic Finance Management Regulation, 2016 states that an Accounting Officer who implements a project for more than one financial year shall, prior to the commencement of the project, demonstrate to the Minister that the financial Commitments for implementing the project are within the Medium Term Expenditure Framework and that a project that is to be implemented over a period of more than one financial year, shall have priority in the subsequent budgets of the vote, for the duration of the project.

Review of Procurement file reference number MMU/WRKS/2022-23/00028 and a contract between MMU and the contractor revealed that both parties signed a contract agreement worth UGX.15.491Bn for the construction of faculty of agriculture complex for a period of 48 months. I however, noted that funds to pay for this multi- year project were not released as budgeted, an indicator that the accounting officer did not prior to starting this project engage the Minister of Finance for financial commitments.

In addition, review of site meeting minutes and inspections carried out on 03/09/2024 revealed that the works were at 43% and total cumulative payments of UGX.6.642Bn which represents 43% of the contract sum had been progressively made to the contractor.

Whereas it was established that the project was not a multi-year project, it was noted that the Accounting Officer wrote to the PSST on 17th September 2024 requesting a project code for Mountains of the Moon Infrastructure project for inclusion in the Public Investment Plan for the financial year 2025/2026

The Accounting officer explained that the University Infrastructure Development Project has gone through the project approval stages by the Development Committee under the MoFPED which includes the

project concept, profile, pre-feasibility and feasibility stage and the MoES provided a clarification in a letter dated 10th July 2024 for the University to access a project code.

Recommendation

The Accounting Officer was advised to continue engaging the Ministry of Finance, Planning and Economic Development for approval of the project as Multiyear

Action Status

The University has initiated engagement with the Ministry of Finance for project approval and inclusion in the Public Investment Plan, but the formal multi-year project approval is still pending.

Query	**Accreditation of University Academic Programs**

Audit Findings

Section 125 and 128 of the Universities and Other Tertiary Institutions Act Cap 262 as amended, stipulates that no person shall operate a university, other degree awarding institution or a tertiary institution, without the prior accreditation of its academic and professional programmes by the National Council for Higher Education (NCHE). When accrediting, NCHE indicated the minimum and maximum number of students which must be enrolled in each Programme per year.

During the year under review the University had 71 academic programmes, out of which, 2 were not accredited (Bachelors of Guidance and Counseling and Bachelors of Special needs), 43 were accredited and admitted students within the approved admissible range, 21 did not attract any students while 5 programmes admitted students beyond those accredited by National Council for Higher Education without seeking fresh/review of the existing accreditation. Details of the 5 programmes are shown in the table below;

Programme	Status in semester I 2023/2024	Admissible numbers	Numbers admitted	Excess
Bachelor of Nursing Science (BNS) (Direct)	Running	20	42	22
Bachelor of Nursing Science (BNS) (Extension)	Running	20	30	10
Master of Business Administration (MBA)	Running	20	46	26
Master of Public Administration & Management (MPA)	Running	20	22	2
Master of Education Leadership and Policy Studies.	Running	20	22	2
TOTAL		**100**	**162**	**62**

Excess admission beyond the accredited numbers impairs the quality of education service delivery and ultimately the graduates from the University.

The Accounting officer acknowledged the audit observation and indicated that going forward the accreditation terms will be adhered to.

Recommendation

I advised the accounting officer to adhere to the accreditation terms and review the programmes that don't have the ability to attract students.

Action Status

Pending Implementation awaiting Clearance with NCHE. The University has implemented some controls to prevent future over-admissions and address low-enrolment programmes.

PART TWO: REFERRAL HOSPITALS

2.0 General Observations

Query	Implementation of the Approved Budget

Audit finding

Paragraph 2 of schedule 5 of the PFMA, 2015 requires Accounting Officers to prepare an Appropriation Account

showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament.

Each entity prepares its budgets every year, which provide expected revenue and expenditure. The budgets are supported by work plans that show the specific activities and out-puts on which funds will be spent. Consequently, the Auditor General made the following observations on budget performance across RRHs and SHIs

Recommendation

The entity prepares its budgets every year, which provides expected revenue and expenditure. The budgets should be supported by work plans that show the specific activities and out-puts on which funds will be spent

Action Status

Accounting Officers were guided to strengthen budget planning, execution, and reporting processes to ensure full compliance with the PFMA, 2015. Entities are expected to improve alignment between approved budgets, work plans, and actual expenditures, with enhanced monitoring during budget execution. Compliance will continue to be assessed through subsequent audit reviews.

Query	**Performance of NTR**

Audit Finding

RRHs and SHIs are expected to collect NTR to support the GOU budget, thus the collected amounts are supposed to be transferred to the Consolidated Fund through an appropriation by Parliament

RRH	Approved Budget (b) UGX	Actual Collection (b) Collection (UGX)	Variance (b-a) [UGX Bn]	Transfer to Treasury (c) (UGX)	Var. in Transfers (c-b) (UGX Bn)
Masaka	0.473	0.718	0.245	0.489	-0.229
Entebbe	1	0.787	-0.213	0.785	-0.002
Mbale	0.253	0.533	0.28	0.533	0
Naguru	0.36	0.233	-0.127	0.232	-0.001
Jinja	0.886	0.392	-0.494	0.375	-0.017
Mubende	0	0.15	0.15	0.15	0
Fortportal	0.6	0.642	0.042	0.598	-0.044
Mbarara	1.4	0.825	-0.575	0.824	-0.001
Kabale	0.39	0.252	-0.138	0.116	-0.136
Lira	0.05	0.025	-0.025	0.05	0.025
Gulu	0.096	0.139	0.043	0.141	0.002
Moroto	0	0.065	0.065	0	-0.065
Hoima	0.09	0.15	0.06	0.149	-0.001
Arua	0.137	0.144	0.007	0.178	0.034
Butabika	1.239	1.84	0.601	1.854	0.014
Mulago	3.218	6.053	2.835	6.009	-0.044
Kawempe	0.48	0.512	0.032	0.512	0
Kiruddu	0.534	0.775	0.241	0.783	0.008
Mulago	9	7.538	-1.462	7.538	0
SWNH					
Soroti	0.2	0.151	-0.049	0.15	-0.001
Kayunga					
Yumbe					
Totals	**20.406**	**21.924**	**1.518**	**21.466**	**-0.458**

From the table above, Government projected to collect a total of UGX. 20.406Bn in NTR from the 20 RHs as per the table above. However, UGX21.924Bn (107.4%) was collected, leaving a variance of over collection worth UGX1.518Bn. Out of NTR collections of UGX21.924Bn, UGX. 21.466Bn was transferred to Treasury leaving a balance of UGX0.458Bn.

NTR Over Performance

Twelve (12) hospitals over performed in NTR collections including; Mulago NRH, Butabika, Masaka, Fort portal, Gulu, Hoima, Kawempe, Kiruddu, Moroto, Mbale, Arua and

Mubende RRHs

Over performance of NTR was commonly attributed to improved services, low targets set by MOFPED, increased patient numbers, new specialized services, scale up of services like dialysis and operationalization machines like the MRI.

NTR Under Performance

Eight (8) under performed including; Entebbe, Mbale, Naguru, Jinja, Mbarara, Kabale, Lira, Soroti and Mulago SWNH

Under performance of NTR was attributed to high NTR targets set by MOFPED, unrealistic budgeting by entities, inadequate infrastructure, non- functional and obsolete medical equipment.

UVRI had NTR budget estimates of UGX0.056Bn but did not make any collections while Moroto RH had no NTR budget estimates but made collections of UGX0.08Bn.

NTR Transfers to Treasury

Four Entities (04) including; Mbale, Mubende, Kawempe and Mulago SWH transferred all their NTR to Treasury.

Five (05) Entities i.e. Lira, Gulu, Arua, Butabika and Kiruddu transferred more than projected NTR to treasury while, eleven (11) Entities including; Masaka, Entebbe, Naguru, Jinja, Fort portal, Mbarara, Kabale, Moroto, Hoima, Mulago NRH, Soroti made less NTR transfers to treasury.

Observations

The Committee observed that under performance in NTR negatively affects the implementation of planned activities for the various entities.

The Committee further noted that all the Accounting Officers that did not meet their budgeted NTR targets or budget for NTR at all, contravened Instruction 4.10.2 of the Treasury Instructions Manual, 2017.

The Committee noted that less/non transfer of NTR to treasury deprives government of revenue which in turn negatively affects the implementation of activities and is against Section 29 of the PFMA, 2015

The Committee also noted that MOFPED failed to provide revenue targets to some entities while to others, it set low targets ignoring other revenue sources like hospital private wings.

Recommendation

Accounting Officer should ensure NTR targets are set basing on strong assumptions and benchmarks to enable realistic NTR budgeting.

The Accounting Officers should institute mechanisms to ensure that all billed NTR is fully collected during the period in which it relates.

MOFPED should always make prompt responses to requests of NTR revisions by entities.

The Accounting Officers should incorporate all NTR sources during the budgetingprocess to avoid cases of NTR under collection

Action Status

Accounting Officers were directed to review and rationalize NTR projections using realistic assumptions and benchmarks and to ensure full collection and timely transfer of all NTR to the Consolidated Fund. MoFPED was engaged to improve the setting of NTR targets and to provide timely responses to requests for NTR revisions. Entities have been advised to incorporate all potential NTR sources during budgeting, and compliance will be monitored in subsequent financial years.

Query	**Performance of Government Warrants**

Audit Finding

The Auditor General noted that RHs had varying receipts against their budgets as per the table below;

Table 2: Showing Warrants against Approved Budgets for RRHs and SHIs Bn.

RRH	Approved Budget (Bn)	Warrants (UGX BN)	unwarranted (UGX BN)	warrants performance %	unwarranted perf %
Arua RRH	15.151	15.151	0	100%	0.00%
Butabika NMRH	22.72	21.464	1.256	94.47%	5.53%
China-UG FH-Naguru	18.434	18.164	0.27	98.54%	1.46%
Entebbe RRH	11.928	11.927	0.001	99.99%	0.01%
Fort Portal RRH	14.025	14.025	0	100%	0.00%
Gulu RRH	16.262	16.014	0.248	98.47%	1.53%
Hoima RRH	15.199	15.199	0	100	0.00%
Jinja RRH	23.624	23.445	0.179	99.24%	0.76%
Kawempe NRH	22.74	22.74	0	100%	0.00%
Kiruddu NRH	28.054	28.024	0.03	99.89%	0.11%
Masaka RRH	12.408	12.408	0	100%	0.00%
Mbale RRH	18.902	18.807	0.095	99.50%	0.50%
Mbarara RRH	18.812	17.325	1.487	92.10%	7.90%
Moroto RRH	12.814	12.814	0	100%	0.00%
Mubende RRH	13.919	13.371	0.548	96.06%	3.94%
Mulago SWH	33.04	33.04	0	100%	0.00%
Kabale RRH	12.687	12.429	0.258	97.97%	2.03%
Lira RRH	18.709	18.593	0.116	99.38%	0.62%
Mulago NRH	129.048	128.948	0.1	99.92%	0.08%
Soroti RRH	16.969	16.769	0.2	98.82%	1.18%
Total	**475.44**	**470.65**	**4.788**	**98.99**	**1.01%**

Source: AG's Individual Report FY2023/24

From the above table, Government allocated a total budget of UGX.475.445Bn to Twenty (20) RHs out of which, UGX. 470.657Bn was warranted (98.99%) implying a shortfall of UGX.4.788Bn (1.01%)

Seven (07) Entities including; Fort Portal, Hoima, Arua, Kawempe, Masaka, Moroto and Mulago SWH received 100% warrants

Thirteen (13) Entities including Mulago NRH, Kiruddu, Butabika, Entebbe, Mbale, Naguru, Jinja, Mubende, Kabale, Mbarara, Gulu, Lira and Soroti received less than their budgets.

Shortfalls in warrants were mainly attributed to poor cash flows by MOFPED.

Observations

The Committee appreciates Government for the 100% release to Fort Portal, Hoima, Arua, Kawempe, Masaka, Moroto and Mulago SWH. However, persistent revenue shortfalls in some instances inhibited full implementation of their planned activities and thus, their service delivery. Further still, revenue shortfalls places spending pressures on entities thereby catalyzing diversion/mischarges

Recommendation

The Committee recommends that Health being a critical sector, Government should always fully release funds as approved and in a timely manner.

Action Status

Government, through MoFPED, was urged to improve cash flow management to ensure timely and full release of approved funds, particularly to the health sector. Entities that experienced shortfalls were advised to prioritize critical activities within available resources. The Committee resolved to continue engaging MoFPED to minimize future warrant shortfalls affecting service delivery.

Query	**Utilization of warrants**

Audit Finding

Table 3. Showing the level of Utilization of Warrants across RHs

Referral Hospital	Warrants (UGX ,Bn)	Utilization (UGX, Bn)	Variance (UGX, Bn)	warrants perf. %	un- utilized %
Arua RRH	15.151	15.143	0.008	100%	0%
Butabika NMRH	21.464	20.254	1.21	94%	6%
China-UG FH-Naguru	18.164	16.77	1.394	92%	8%
Entebbe RRH	11.927	9.523	2.404	80%	20%
Fort Portal RRH	14.025	12.564	1.461	90%	10%
Gulu RRH	16.014	14.574	1.44	91%	9%
Hoima RRH	15.199	14.742	0.457	97%	3%
Jinja RRH	23.445	19.657	3.788	84%	16%
Kawempe NRH	22.74	18.42	4.32	81%	19%
Kiruddu NRH	28.024	27.052	0.972	97%	3%
Masaka RRH	12.408	11.45	0.958	92%	8%
Mbale RRH	18.807	18.569	0.238	99%	1%
Mbarara RRH	17.325	16.63	0.695	96%	4%
Moroto RRH	12.814	11.853	0.961	93%	7%
Kabale RRH	12.429	12.019	0.41	97%	3%
Lira RRH	18.593	17.323	1.27	93%	7%
Mubende RRH	13.371	12.452	0.919	93%	7%
Mulago NRH	128.948	113.534	15.414	88%	12%
Mulago SWH	33.04	30.54	2.5	92%	8%
Soroti RRH	16.769	15.827	0.942	94%	6%
Total	**470.657**	**428.896**	**41.761**	**91%**	**9%**

Source: AG's Individual Report FY2023/24

From the above table, out of the total warrants of UGX. 470.657Bn to the Twenty (20) RHs UGX. 428.8965Bn (91%) was utilized leaving a balance of UGX.41.761Bn (9%) unutilized. It is important to note that of all RRH, only Arua RRH utilized all their warrants.

While interfacing with the Committee, the Accounting Officers of the individual RHs had varying reasons for underutilization of warrants including;

Late releases by MoFPED, Existing ban on recruitment although lifted in the fourth quarter of the FY and delayed recruitment by HSC e.g. Mbarara RRH, delayed initiation of the recruitment process e.g. Delayed submission thus, clearance by MOFPED and MOPs, delayed submission and verification of payees, delayed supply of goods and services (medical), Delayed completion of works, Delayed submission of supplier information for pensioners.

Observations

The Committee observed that generally under-absorption of funds does not only distort planning and budget implementation but also denies services to other deserving entities/beneficiaries. The Committee takes note of the action on the Accounting Officers by PSST but that should not in itself paralyze the implementation of planned activities.

Recommendation

The Committee recommends that pursuant to Section 45 of the PFMA, 2015, Accounting Officers should adhere to the annual budget performance contract signed with the PS/ST, which, binds Accounting Officers to deliver on the activities in the work plan of the vote for the FY submitted under section 13 (15) of the PFMA, 2015.

Action Status

Accounting Officers were reminded of their obligations under Section 45 of the PFMA, 2015 to fully implement approved work plans and absorb released funds efficiently. Entities were advised to address bottlenecks related to procurement, recruitment, and delayed submissions. Ongoing monitoring by the PS/ST and oversight committees will continue to ensure improved absorption and accountability in subsequent financial years

Query	Implementation of Activities

Audit Finding

During the year under review, the Auditor General assessed the level of implementation of outputs across all RHs and SHIs that were fully quantified and noted the following as per the table below;

Table 4: Showing Levels of Implementation of Activities

Entity	Total outputs	Fully Implemented	Partially Implemented	Un implemen ted outputs/Unquant ified
Ministry of Health	A tot al of ei gh te en (18) outputs with 108 ac tivities wo rth UGX. 137.278B n were as sessed	Eight (8) outputs with 30 activities and expenditure worth UGX.50.507Bn were fully implemented the entity fully implemente d sixty-one (61)activities	Ten (10) outputs with 78 activities worth UGX.86.771Bn were partially Implemented thirteen (13) activities were partially implement ed	Four (04) activities were not implemente d
Mulago National Referral Hospital	Atotal of 09ou tp ut s with 110 acti ities wo rt h UG X. 35.161Bn were assessed	Three (03) outputs with six (06) activities and expenditure worth UGX.13.158Bn were fully implemente d the entity fully implemente d sixty-one (61) activities	Six (06) outputs with 104 activities worth UGX.22.003Bn were partially implemented. thirty-nine (39)activities were partially implement ed	Four (4) activities were not implemente d
Arua Regional Referral Hospital	Atot al of on e (1)ou tp ut wi th 5 acti ities wo rthUGX.2,493,924,235wa s assess ed	Four (4) activities with expenditure worth UGX.1,519, 999,800 were fully implemented		One (1) activity with expenditure of UGX.719,986,800 was not implemente d
Butabika National Mental Referral Hospital	A total of eleve n (11)output s wo rt h U G X. 20.254Bn with fift y- on e (51)activities were assessed	Four (4) outputs with 14 activities and expenditure worth UGX.16.565Bn were fully implemented sixteen (16) activities fully implemented	eleven (11) activities partially implement ed	Ten (10) activities not implemente d.
China-Uganda Friendshi p Hospital Naguru	A tot al of ni ne (9) ou tp ut s wi th 40 ac tiv iti es worth UGX.2.92Bn we re assessed	Seven (7) outputs with 27 activities andexpenditure worth UGX.1.31BnWer e fully implemented the entity fully	Two (2) outputs with 13 activities worth UGX.1.61Bn were partially implemented one (1) activity worth UGX.0.73Bn was	

		implemente d twelve (12) activities worth UGX.0.88Bn	partially implement ed	
Entebbe Regional Referral Hospital	Atot al of 5 outputs wi th 15 activities worth UGX.2,503,111,769 were assessed	the entity fully implemented three (3) activities	Four (4) outputs with 12 activities worth UGX.2,023,111,769 were partially implemented. nine (9) activities were partially implement ed	One (1) outputs with three (3) activities worth UGX.480,000,000 was not quantified to enable assessme nt
Fort Portal Regional Referral Hospital	A total of four(4) outputs wi th 39 ac tiv iti es wo rt h UGX.12.56Bn were assessed	One (1) outputs with 1 activity and expenditure worth UGX.0.120Bn was fully implemented	Three (3) outputs with 38 activities worth UGX.12.4Bn were partially implemented.	
		the entity fully implemented 34 activities	partially implement ed 3 activities	1 activity was not implemente d
Gulu RRH	Atot al of 4ou tp ut s wi th 23 ac tiv iti es wo rt h UG X.3,196,081,119 were as sess ed	Two (2) outputs with 14 activities and expenditure worthUGX.2,592 , 081,119werefully implemented the entity fully implemente d seven (07) activities	Two (2) outputs with Nine (09) activities worth UGX. 604,000,000 were partially implemented partially implemented two (02) activities	
Hoima Regional Referrral Hospital	as se ss ed a tot al of 2 outputs with 6 activities wo rth U G X.1,781,641,482	2 activities were fully implemented	Two (2) outputs with 6 activities worth UGX1.78Bn were partially implemented 4activities were partially implement ed.	
Jinja Regional Referral Hospital	A tot al of 05 outputs wo rt h UG X.0.749Bn were assess ed	Three (3) output with expenditure worth UGX0.283Bn were fully implemente d.	One (1) output worth UGX0.106Bn was partially implemented	One (1) output with expenditu re worth UGX0.360Bnwas not implement ed at all.
Kawempe National Referral Hospital	A tot al of 10outputs wi th 41activities worth UG X.16.36Bn we re as se ss ed	they were all fully implemented		
Kiruddu National Referral Hospital (KNRH	A tot al of 05 outputs with 39acti ities wort h U G X. 13.217Bn were assessed	One (1) output (Medical and Health Supplies) with 3 activities and expenditure worth UGX8.981Bn was fully implemented	Four (4) outputs with 36 activities worth UGX4.236Bn were partially implemented Twelve (12)activities were partially implement ed	
Masaka RRH	A tot al of 12 outputs with 30 activities worthUGX.11,450,619,243	the Hospital fully implemented 11 activities	Seven (7) outputs with 24 activities were partially	

	were assesed		implemented partially implement ed 13 activities	
Mbale Regional Referral Hospital	Atot al of 8ou tp ut s wi th 23 ac tiv iti es wo rt h U G X. 18,202,946,655 were as sessed	Three (3) outputs with 10 activities and expenditure worth UGX.3,159, 950,186 were fully implemented	Five (5) outputs with 13 activities worth UGX15.04Bn were partially implemented	
Mbarara RRH	A total of 4output ut s wi th 25activitiesworthUG X.4,272,509,684were assessed	the hospital fully implemented 8 activities	Four (4) outputs with twenty-five (25) activities worth UGX.4,272,509,684 were partially implemented. Partially implement ed 17activities.	
Mubende Regional Referral Hospital	A total of 13ou tp ut s wi th 47 ac tiv iti es wo rt h U G X. 12,452,080,467were asse ssed	Two (02) outputs with eight (08) activities and expenditure worth UGX12.1Bn were fullyimplemented the entity fully implemented 20 activities	Eleven (11) outputs with thirty nine (39) activities worth UGX0.398Bn were partially implemented. partially implement ed 19 activities	
Soroti Regional Referral Hospital	A tot al of 8 output s wi th 35 activities worth UGX.4,821,000,000were as sessed	A total of 14 activities with expenditure worth UGX. 3,318,411,000 were fully implemented.	A total of 14 activities worth UGX.250, 593,000were partially implemented	A total of Seven (7) activities worth UGX.1,251, 996,000 were not implemented
Moroto Regional Referral Hospital				

Budget category	Revised Budget UGX, Bn	Warrants UGX, Bn	Percentage warrants %
Recurrent (Wage)	16,099,002,812	16,099,002,812	100
Recurrent (Non-wage)	14,673,681,047	14,673,681,047	100
Development	2,268,000,000	2,268,000,000	100
Total	**33,040,683,859**	**33,040,683,859**	**100**

Budget category	Revised Budget in UGX Bn	Warrants (Bn)	Percentage of Warrants %
Recurrent (Wage)	11,490,000,000	11,485,000,000	100
Recurrent (Non-wage)	8,720,000,000	8,722,000,000	100
Development	2,510,000,000	1,257,000,000	50
Total	22,720,000,000	21,464,000,000	94

Source: Auditor General's Report FY2023/2024

From the table above, Entebbe Regional Referral Hospital had one (1) outputs with three (3) activities worth UGX0.48Bn that was not quantified to enable assessment; Jinja Regional Referral Hospital had one output with an expenditure worth UGX 0.360Bn that was not implemented at all. Kawempe National Referral Hospital had a total of 10 outputs with 41 activities worth UGX 16.36Bn that were assessed and all were fully implemented. The rest of the entities had their activities implemented to a certain extent. The Committee observed that much as the Auditor General mentioned the sampled number of out puts with their activities, some entities outputs, activities and funds allocated for their implementation were not indicated, making it difficult for the Committee to determine level of diversion/waste. For instance, Moroto RRH did not indicate the activities that were implemented in the year. Relatedly, some outputs/activities that were partially implemented could not be quantified due to generic reporting for instance, Jinja Regional Referral Hospital had one (1) output worth UGX 0.105Bn that was partially implemented but extent of implementation was not valued; Mbale Regional Referral Hospital had five (5) outputs with 13 activities worth UGX15.1Bn were partially implemented but not valued so the Committee could not ascertain the funds unutilized in relation to each activity, thus inhibiting accountability.

The Committee noted that non-implementation of planned

activities implies that the expected services to the beneficiary communities were not attained. It also points to cases of diversion/misallocation since all outputs have corresponding budgets fully provided and spent in some instances but still report partial or unimplemented activities.

Recommendation

There should not be any diversion/misallocation of funds. Activities should be corresponding to budgets and to be fully implemented.

Action Status

Accounting Officers of entities with partially implemented, unimplemented, or unquantified outputs were directed to account for the anomalies arising from their actions, inactions, or omissions that led to non-delivery of planned activities. The Committee resolved that responsibility for weak implementation, diversion, or misallocation of resources be enforced in line with the PFMA, 2015 and related regulations.

Further, Accounting Officers were guided to improve planning and reporting by fully itemizing, costing, and quantifying all outputs and activities during budgeting and implementation to enhance traceability, value-for-money assessment, and accountability. Entities were advised to strengthen performance reporting frameworks to ensure that the level of implementation and corresponding expenditure for each activity is clearly disclosed. Compliance with these directives will be assessed in subsequent audit cycles.

Query	**Management of Essential Medicines and Health Supplies**

Audit Findings

Delayed Delivery of Drugs; Several hospitals across the country experienced delays in the delivery of medicines and medical supplies from the National Medical Stores (NMS), undermining timely patient care. At Fort Portal RRH, the audit noted long lead-times, with some deliveries delayed by over two months, which constrained continuity of treatment and created shortages that strained service delivery.

Similarly, Mbale RRH had repeated stock-outs directly attributed to delayed supplies, indicating that procurement and delivery bottlenecks undermined routine service

delivery. At Masaka RRH, audit evidence revealed multiple cycles with significant delays, with lead times ranging from 53 to 68 days, which forced patients to source medicines privately. Arua RRH also struggled with "delays in delivery of medicines and medical supplies," a problem that left wards understocked despite requisitions being placed in time. At the national level, Mulago NRH faced prolonged lead times for medicines, a reflection of systemic supply chain inefficiencies. Mubende RRH presented some of the most striking cases, with audit records showing delays ranging between 11 and 92 days, underscoring the chronic nature of NMS logistical constraints. Collectively, these findings show that delays were widespread and systemic, leading to direct service delivery gaps in regional and national referral.
Recommendation
The Accounting Officer should strengthen coordination with NMS and MoH to enforce adherence to delivery schedules and establish buffer stocks to prevent treatment disruptions.
Action Status
Accounting Officers were directed to strengthen coordination with the National Medical Stores (NMS) and the Ministry of Health to address persistent delivery delays. Entities were advised to improve requisition planning, follow up outstanding orders, and establish minimum buffer stocks for essential medicines to mitigate treatment disruptions. The Committee resolved to continue engaging MoH and NMS to address systemic supply chain bottlenecks, with progress to be reviewed in subsequent audit reports.

Query	**Expired Drugs**

Audit Finding

The Audit identified recurring issues of expired medicines across facilities. At Fort Portal RRH, the audit revealed expired drugs in the hospital store, reflecting both procurement inefficiencies and poor inventory management. Mbale RRH had a similar challenge, with expired drugs including antiretrovirals and laboratory reagents. The expired medicines not only cause financial losses but also increase the risk of accidental dispensing. At Jinja RRH, the audit explicitly flagged "expired drugs" among the weaknesses in medicines management, again underscoring lapses in monitoring stock levels and handling items with short shelf lives. These instances show that poor coordination between supply, storage, and utilization continues to expose hospitals to waste and inefficiency.

Recommendation	
The Accounting Officers should improve inventory control by enforcing.First-Expiry-First-Out practices,timely reporting of short-dated items, and regular disposal of expired stock.	
Action Status	
Accounting Officers were guided to strengthen inventory management practices, including strict enforcement of First-Expiry-First-Out (FEFO) principles, routine monitoring of stock expiry dates, and timely reporting of short-dated items to NMS. Facilities were further advised to ensure prompt disposal of expired medicines in accordance with guidelines to minimize losses and patient safety risks. Compliance with inventory control measures will be assessed in future audits.	
Query	**Stock-Outs and Non-Delivery/Discrepancies in Medicines and Medical Supplies Delivered**
Audit Finding Beyond delays and expiries, many hospitals reported acute stock-outs and discrepancies in deliveries. Mbale RRH was particularly affected, with frequent stock-outs documented in an appendix titled "Drugs stock outs and delivery," where essential drugs and blood components were unavailable when needed. Mbarara RRH experienced severe shortages, with some essential medicines (including insulin and Tenofovir) out of stock for up to ten months, forcing management to borrow drugs from lower-level facilities. Masaka RRH similarly had widespread ward-level stock-outs linked to lack of deliveries, a problem that placed patients at risk. At Kiruddu NRH, vaccine stock-outs lasted up to 90 days, highlighting systemic challenges in the immunization supply chain. Gulu RRH recorded delivery discrepancies, noting that staff failed to alert NMS about drugs not delivered or supplied in incorrect quantities. Jinja RRH also showed inconsistencies between counted stock and stock cards, resulting in both shortages and unexplained surpluses. At Butabika NMRH, the audit pointed to chronic under- or non-delivery of medicines, including items never supplied despite being ordered, and deliveries that lacked proper	

acknowledgement. Kawempe NRH faced under- delivery of drugs, with a shortfall of 13.5% relative to expected supplies. Arua RRH had both under-supply and outright stock-outs noted in its audit, while Soroti RRH had empty shelves in its private wing pharmacy, effectively leaving patients to source medicines from outside vendors. These findings underscore systemic flaws in both NMS distribution and hospital- level stock management.

Recommendation

The Accounting Officers should adopt stronger stock monitoring systems, escalate unfilled orders promptly to NMS/MoH,and maintain minimum buffer levels for critical medicines and vaccines.

Action Status

Accounting Officers were instructed to enhance stock monitoring systems and promptly escalate cases of under-delivery, non-delivery, or discrepancies to NMS and the Ministry of Health for corrective action. Hospitals were advised to maintain minimum buffer stocks for critical medicines and vaccines and to improve internal controls over stock records and acknowledgements. The Committee resolved to follow up with MoH and NMS to address systemic distribution weaknesses affecting service delivery.

Query	**Nonfunctional/Idle Medical Equipment**

Audit Findings

A worrying pattern emerged across hospitals regarding idle or non- functional equipment, which undermines the effectiveness of capital investment in the health sector.

At Fort Portal RRH, valuable machines like the endoscopy unit and C-arm were left idle due to lack of trained specialists, while other machines such as x-rays were found non-functional, indicating both human resource and maintenance gaps. Entebbe RRH had a fully equipped ICU unit with beds and monitors, but the unit was non-operational due to lack of critical care staff, leaving the equipment stored away and unused.

In Soroti RRH, the oxygen plant was found non-functional, forcing the hospital to procure oxygen from external

suppliers, a costly and unreliable alternative. Mbarara RRH had its x-ray unit completely down for three months, disrupting diagnostic services. Kabale RRH reported an idle oxygen plant due to power challenges, preventing utilization.

At Gulu RRH, some laboratory and diagnostic equipment were idle because essential reagents were unavailable. Arua RRH had a full section in its report on idle and non-functional equipment, confirming the persistence of this problem. Finally, at Mulago Specialized Women & Neonatal Hospital (MSWNH), the audit flagged unutilised equipment, breakdowns, and delayed repairs. Collectively, these issues reflect gaps in maintenance funding, training, and human resource deployment, which leave vital assets underutilized.

Recommendation

The Accounting Officers should actively engage the Ministry of Health and MoFPED to secure dedicated maintenance budgets, liaise with the Health Service Commission to recruit or train specialists to operate idle equipment, and establish preventive maintenance contracts with suppliers to ensure sustained functionality of medical machinery.

Action Status

Accounting Officers were directed to engage the Ministry of Health and MoFPED to secure dedicated funding for equipment maintenance and repairs. Facilities were advised to coordinate with the Health Service Commission to recruit, deploy, or train specialized personnel required to operate installed equipment. In addition, entities were guided to establish preventive maintenance arrangements with suppliers to reduce equipment downtime. The Committee resolved to monitor progress on operationalization and utilization of medical equipment in subsequent financial years

Query	**Recognition and Valuation of Assets**

Audit Findings

The committee observed the adoption of accrual-based IPSAS accounting standards created recognition and valuation challenges across hospitals. Jinja RRH recorded a significant

increase in asset balances, but valuations were based on management estimates rather than verification by the Chief Government Valuer (CGV).

Hoima RRH faced similar challenges, with large asset increases unsupported by independent valuation. Entebbe RRH also experienced large jumps in asset values, again without guidance from the CGV, raising questions about reliability. At Masaka RRH, IPSAS adoption likewise produced large revaluations, with the auditor cautioning about estimation risks.

Soroti RRH recorded large increases in Property, Plant, and Equipment, as well as non-produced assets, attributed to IPSAS adoption, but the audit flagged valuation issues. Gulu RRH similarly emphasized IPSAS-driven recognition and valuation as an audit matter. Lira RRH also faced this issue, with its Property, Plant, and Equipment increasing by UGX 18.345Bn and Non-Produced Assets by UGX 2.95Bn, both based on internal estimates rather than verification by the Chief Government Valuer. Finally, Kiruddu NRH was faulted for failing to recognize non-produced assets (land), indicating incomplete compliance with IPSAS standards. The critical observation here is that while IPSAS adoption advanced accounting modernization, hospitals struggled with valuation accuracy, undermining the reliability of their financial statements.

Recommendation

The Accounting Officers should ensure all asset valuations are verified by the Chief Government Valuer and properly recorded in line with IPSAS requirements to enhance financial statement reliability.

Action Status

Accounting Officers were directed to engage the Office of the Chief Government Valuer (CGV) to verify and validate all asset valuations arising from the adoption of accrual-based IPSAS. Entities were advised to regularize asset registers by ensuring that all Property, Plant, and Equipment and non-produced assets (including land) are fully recognized, independently valued, and properly disclosed in the financial statements. Hospitals were further guided to avoid reliance on management estimates for valuation purposes and to align future asset recognition and revaluation exercises with IPSAS requirements.

Compliance with these directives will be assessed in subsequent audits to enhance the reliability and credibility of financial reporting.

Entity Specific Findings, Observations And Recommendations

2.1 Mulago Specialised Women and Neonatal Hospital

Query	Budget Performance

Audit Finding

The entity had a revised approved budget of UGX.33.04Bn out of which UGX.33.04Bn was warranted whereas UGX.30.54Bn was utilized by the close of the financial year leaving a balance of UGX.2.50Bn unutilized.

The balance of UGX.2.50Bn was excess budgeting for salaries (2.2Bn) and Pension (0.018Bn). Management did not provide any reasons why the entity provided for excess salary and pension to the audit team.

Observations

The committee observed that excess budgeting result into unspent balances. Funds are held idle by one entity hence denying the most deserving entities an opportunity to utilize the same.

The committee further observed that the PFMA, 2015 provided for supplementary budget through which such anomaly could be rectified during the financial year. However, Accounting officer did not take any step
to report or rectify this anomaly.

Item	Requirement (UGX. Bn)	Budget (UGX. Bn)	Gap
Wage deficit	93.734	50.136	43.598
Medicines	101	18	83
Maintenance equipment	13.742	4.933	8.809
Training	5.45	3.45	2
Electricity	3.911	2.098	1.813
Medical equipment	17.964	2	15.964
Construction of staff houses	16.801	2.76	14.041

Recommendation

The Accounting Officer should be held liable for superintending over excess budgeting which led to unspent balances.

Action Status

The Accounting Officer was directed to account for the excess budgeting for salaries and pension that resulted in unutilized funds amounting to UGX.2.50Bn. The Committee resolved that responsibility be enforced in line with the PFMA, 2015 for failure to rationalize the budget during implementation and for not seeking a supplementary or reallocation to address the anomaly. The entity was further guided to strengthen budget preparation and in-year budget review processes to avoid recurrence of excess provisioning and idle balances in future financial years.

The bulk of UGX 2.5Bn unutilized did not result from excess budgeting but rather from the following reasons:

i) Salary – UGX 2.2Bn due to a ban on staff recruitment by PS/ST
ii) Pension – UGX 0.19Bn due to delayed submission of letters of administration by beneficiaries.
iii) Medical suppliers – UGX 0.082Bn due to bounced payment because of wrong account details.

Query	**Accumulation of Non-Tax Revenue (NTR) Arrears**

Audit Findings

Audit revealed that the hospital experienced an increase in non-tax revenue (NTR) arrears, which rose from UGX 0.42 billion at the end of the previous year to UGX 0.65 billion by

the close of the FY 2023/2024 financial year, representing a 55% increase. This rise in outstanding revenue indicates inadequate collection strategies, which compromises the implementation of government programs.

The Accounting Officer explained that management plans to implement new mechanisms, including recruiting a debt collector, to ensure all outstanding debts are collected.

Observations

The committee observed that the rise on outstanding revenue not only contravene Paragraph 9.1.2(d) of the Treasury Instructions 2017 but also indicates a lack of effective collection strategies and compromises the hospital's ability to fund its programs.

Recommendation

The committee recommends that the Accounting Officer should be held personally responsible in accordance with Paragraph 9.1.2 (d) of the Treasury Instructions 2017 for failure to proactively develop and implement a comprehensive revenue collection strategy.

Action Status

The Accounting Officer was directed to take immediate responsibility for the accumulation of Non-Tax Revenue arrears and to ensure full compliance with Paragraph 9.1.2(d) of the Treasury Instructions, 2017.

Management was required to operationalize effective NTR collection mechanisms, including the recruitment or engagement of a debt collector and the establishment of clear recovery plans for outstanding arrears. The Committee resolved that accountability be enforced for the failure to proactively implement an effective revenue collection strategy and that progress in reducing NTR arrears be monitored and reviewed in subsequent audit periods.

A new mechanism to improve debt collection and the recruitment process for a debt collector is ongoing.	
Query	**Accumulation of domestic arrears**
Audit Finding Audit revealed that the hospital's domestic arrears increased significantly, from UGX 2.10 billion at the end of the previous year to UGX 3.86 billion by the close of the 2023/2024 financial year, representing a massive 83.8% increase. This rise in debt is a direct violation of Section 20(2) of the Public Finance Management Act (PFMA), which prohibits a vote from taking on new credit if it has unpaid domestic arrears. The continuous accumulation of debt is a serious breach of commitment control guidelines. The Accounting Officer explained that a total of UGX 2.053 billion was received from the MoFPED to pay the National Water and Sewerage Corporation, but this has not been enough to clear the total outstanding debt. **Observations** The committee observed that the entity acquired additional credit of UGX.1.76Bn on top of existing UGX.2.10Bn contrary to Section 20(2) of PFMA, 2015. (PFMA)	
Recommendation	
The Accounting Officer must immediately halt any new credit incurrence in violation of the PFMA and simultaneously enforce strict internal commitment controls to prevent any further accumulation of debt in addition to continue engaging with MoFPED to clear the outstanding arrears.	
Action Status	
The Accounting Officer was directed to take full responsibility for the accumulation of domestic arrears in contravention of Section 20(2) of the PFMA, 2015. Management was instructed to immediately halt any further incurrence of new credit until all outstanding domestic arrears are fully cleared and to strengthen internal commitment control systems to prevent unauthorized obligations. The Committee further resolved that the Accounting Officer should continue engaging MoFPED to secure additional funding to settle the outstanding arrears and that progress in reducing the arrears stock	

be closely monitored and reviewed in subsequent audit periods.The bulk of the increase in domestic arrears is as a result of increased utility due to the increased number of patients in the hospital. The approved budget for utility bills for FY 2025/26 has been adjusted to UGX 2.7Bn. I will, however, endeavor to ensure that the entity does not accumulate more arrears going forward.

Query	**Delayed migration of staff onto the HCM System**

Audit Finding

Audit revealed that four hospital employees had not been migrated onto the new Human Capital Management (HCM) system by the close of the 2022/23 financial year, a direct violation of the government's directive.

The audit established that the reasons for the failure to migrate varied. For two employees, a catering officer and a clinical psychologist, the issue was with their salary scale, which was being handled by the Ministry of Public Service (MoPS). A third employee, an askari, held a position not on the approved structure. Finally, a fourth employee, an enrolled midwife, had a record issue on the HCM system, which was also being handled by MoPS.

The failure to migrate employees to the new system risks poor management of their pay and hinders performance evaluation, which can negatively impact productivity.
The Accounting Officer explained that the hospital was following up on the migration of the affected staff and would continue to do so.

Observations

The committee observed failure to transition staff to the new system compromises the accuracy of their remuneration and prevent effective performance management, including evaluations and goal setting, which are vital for maximizing productivity.

Recommendation
The Accounting Officer to continue engaging the Ministry of Public Service to resolve employee migration issues by developing a time-bound action plan to correct salary and record discrepancies.
Action Status
All staff have now been migrated onto the HCM system.

Query	Equipment breakdown and delayed repairs

The audit revealed that several key medical equipment, including anesthesia machines, suction machines, patient monitors, and a mechanical ventilator, were non-functional for an extended period without being repaired. This equipment breakdown forces patients who can afford to, to seek services at private facilities, which compromises the hospital's ability to provide a full range of services.

The Accounting Officer explained that management would implement measures to ensure a 24-hour response time for repairs and to schedule routine maintenance. However, she attributed the delays to an insufficient budget.

Observations

The committee observed the lack of timely repairs points to a systemic breakdown in the maintenance and repair processes.

Recommendation
The Accounting Officer should secure a dedicated budget for the routine maintenance and repair of all medical equipment.
Action Status
The maintenance budget is insufficient to cater for all the medical equipment in place. However, this financial year, a substantial budget has been put in place to cater for critical medical equipment at the hospital.

Query	Unutilized Dialysis Machine
Audit Findings The audit revealed that a crucial dialysis machine was un-utilized and had not been installed. This failure to put the key medical equipment into use directly hindered the delivery of essential healthcare services to patients in need. The Accounting Officer explained that the necessary building modifications were complete and that the installation process for the machine was underway. **Observations** The committee observed non-installation of the dialysis machine impaired healthcare delivery despite the completion of necessary building modifications.	
Recommendation	
The Accounting Officer expedited the installation and operationalization of the dialysis machine to commence clinical use without further delay.	
Action Status	
The dialysis machine has since been installed and is now fully operational.	

2.2 Butabika National Mental Referral Hospital

Query	Budget Performance FY 2023/24
Audit Finding The entity had a revised approved budget of UGX.22.72Bn out of which was warranted UGX.21.46Bn whereas UGX.20.25Bn was utilised by the close of the financial year leaving a balance of UGX.1.21Bn. Out of the warranted amounts UGX.20.254Bn had been utilized by the close of the financial year leaving a balance of UGX.1.209Bn. The unutilized funds were mainly for Maintenance of buildings, transport equipment, other fixed assets, pension, gratuity and general staff salaries.	

Accounting Officer explained that the bulk of these funds amounting to UGX 1.125Bn was for wage which was unutilized due to a ban on recruitment. The UGX 0.018 was for pension and UGX 0.053Bn was for gratuity.
Recommendation
The Accounting Officer should strengthen in-year budget
Action Status
The ban on recruitment has since been lifted and we have had recruitments in the financial year 2024/25. The wage utilization has since improved. Pension and Gratuity were not fully consumed because of incomplete verification data that resulted from inconsistencies in beneficiaries' names and dates of birth. These have since been corrected and pensions have been paid. Regarding maintenance of buildings and transport equipment, maintenance works were ongoing by the end of the financial year and were later completed and paid for in the subsequent financial year 2024/25.

Query	**Failure to integrate the revenue billing system to the medical system/ Manual recording of revenue**

Audit Finding

Section 6.3.2 (g) of the Treasury Instructions 2017 require Accounting officers to ensure an effective control environment is in place for his or her entity. The entity failed to integrate the revenue billing system into the medical system, consequently, the following were observed:

i) There was no automated system to record and bill patients daily. The revenue earned is computed and recorded manually in a blue register on a weekly basis by the nurses.
ii) There were no ledgers for individual patients showing all services consumed per day.
iii) There was no linkage between the point of admission, treatment, laboratory, pharmacy, billing, payment, and discharge.

The Accounting Officer explained that the EMR system has a billing module though still under further development and payments are made on the system direct to the bank. There is a linkage between admission and discharge through the system on two wards where the EMR is so far networked.

The committee observed that in the circumstances;

i) The manual process increases the risk of errors and potential fraud due to reliance on weekly manual invoicing.
ii) The Billing Module was not given priority yet it presents riskier and vulnerable area in the revenue management cycle.
iii) The completeness of the fees billed cannot be confirmed since the current system could not completely and quickly show the services consumed by a particular patient.

Recommendation

The Accounting Officer should complete the development of the system, prioritize the extension of the EMR system to all departments to integrate the revenue billing system with the

medical system to mitigate risks of fraud and loss of revenue.
Action Status
The EMR system has now been extended to all paying service points. Billing is done through URA system and funds go directly to the Consolidated Fund.

Query	**Enrolment of the EAFYA System**

Audit Finding

The committee was informed that Ministry of Health, following a presidential directive for digitizing health systems across the country, installed the EAFYA system on 5th August, 2023. The system is designed to improve patient management, billing, and various other hospital functions.

Auditor General established that despite the installation of the EAFYA system and training for staff, several issues were noted during inspections and a review of hospital records;

i) Out of 12 wards sampled, only 4 wards (Kireka, Private Wing, Outpatient Department, Alcohol and Drug Unit, and the Female Convalescent Ward) are enrolled onto the system.
ii) The system is primarily used for billing for the wards. However, he noted only Kireka ward is actively using the module.
iii) There are no system functionality reports available.
iv) The system is not yet integrated with the Accredited Lab System (A- LIS) and the Uganda Electronic Medical Records System (EMR).
v) The system currently cannot generate comprehensive Health Management Information System (HMIS) reports, though upgrades are expected to address this issue.
vi) Infrastructure challenges were noted such as admission wards not being networked.

The Accounting Officer explained that management had adopted a phased roll-out of the EMR system across the entire hospital due to budgetary constraints to handle infrastructure and networking. Management undertook to

continue lobbying Parliament and MOFPED for more funds to cover the entire hospital.

The committee observed with concern that most of presidential directives are issued without due consideration of the financial implication requirement to implement them which generates expectations in futility.

The committee further observed that Incomplete enrolment and usage of the system may result in inefficiencies in patient management and billing processes. Without integration with other systems and comprehensive reporting capabilities, the EAFYA system's full potential remains unexplored.

Recommendation

The committee recommends that,

i) Government should prioritize adequate budget allocation towards digitizing and integration of health systems across the country as perf the presidential directive.

ii) The committee further recommends that the health sector is sensitive and should deal with realities. Any presidential directives to the health sector should be made with due consideration of a realistic source finance to actualize them.

Action Status

Eleven (11) wards have since been networked in FY 2024/25 and remaining ward will be networked in FY 2025/26. In addition, other units have been connected to the system including Stores, Pharmacy, Radiology, Laboratory, Maintenance Unit and Children's Clinic. We have continued to roll out the EAFYA system in a phased manner due to limited finances.

The Accredited Laboratory System (A-LIS) is now deployed and integrated with EAFYA in our laboratory and clinics.

System Functionality Reports are now being generated by our IT team. The EAFYA System developer has since installed a data mining tool and we are currently able to generate comprehensive HMIS reports.

Query	Budgeted activities for which no funds were released

Audit Finding

The committee was informed that entity had an approved budget of UGX.22.720Bn out of which UGX.21.464Bnwas warranted resulting in a shortfall of UGX.1.257Bn (representing a 94.5% performance). Out of UGX.1.257Bn that was not warranted, UGX.0.400Bn was for outputs that were totally unfunded while the balance of UGX.0.857 Bn relates to partially funded outputs.

The Accounting Officer explained that due to budget cuts by MOFPED, the hospital did not receive 50% of the approved development budget and therefore could not implement all the budgeted activities during the FY under review.

Observation

The committee observed that Failure to provide funds for activities that were budgeted negatively affects their implementation and achievement of the expected services. For instance, part of the unfunded outputs was meant for purchase of ambulance, Medical, Laboratory and Research & appliances and; ICT equipment which was critical to the rollout of EAFYA system.

Recommendation

The committee recommends that,

i) Government should release budget as appropriated by Parliament this will help improve predictability of cash flow at hospital level for better service delivery.
ii) The committee further recommends that Accounting Officer should ensure that the planned activities that were not implemented are rolled over to the subsequent planning period.

Action Status

Action Status
While we could not procure an ambulance, medical laboratory and research appliances and ICT equipment for EAFYA in FY 2023/24 due to budget cuts, these items were prioritized and procured in FY 2024/25.

Query	Unsupported Output Budgets
Regulation 11(2)(d) of the Public Finance Management Regulations, 2016 requires the work plans of a vote to indicate the funding allocated to each activity. On the contrary, Audit observed that the output budgets were not supported by individual activity costing and budgets. Accounting Officer explained that management had a detailed costed annual work plan. Whereas the Accounting Officer explained that management had a detailed costed annual work plan, Audit noted through verification that only activities for Output Code 320002 (administrative and Support services) were individually costed while activities for the remaining outputs were not. **Observation** The committee observed that failure to provide detailed costing for activities implies that the cost at output level cannot be justified, and as such, there is a risk that the entity either over or under-budgeted for these outputs.

Recommendation
The committee recommends that the Accounting Officer should ensure that activities are appropriately costed to generate realistic budgets.

Action Status
The observation was noted and in the FY 2024/25, management developed a detailed activity budget.

Query	Insufficient rehabilitation capacity at the rehabilitation Unit
Audit Finding Auditor General established that the hospital's Alcohol and Drug unit is the sole government rehabilitation Centre in Uganda, with a capacity of only 80 patients. This limited	

capacity is inadequate to cater for all hospital patients requiring rehabilitation. Interviews with management indicated that the Hospital receives over 30 requests of admissions to the rehabilitation Centre on a weekly basis and the patients who can't be accommodated in the rehabilitation unit are admitted with other patients in other wards and later transferred back to the rehabilitation unit.

Additionally, the official capacity for the whole hospital is 550 yet the actual number of patients is more than 1200 at any time thus the hospital is overcrowded. Further interviews showed that the public opts for private rehabilitation centers that are reported to charge exorbitant fees averaging at UGX. 75,000 per day. The Accounting Officer explained that management could not expand on the capacity because of lack of development budget for construction.

Observations

The committee observed that alcohol and substance abuse constitute the biggest percentage of cases at Butabika Hospital and there is no adequate budget to sensitize the masses about the dangers of Alcohol and substances abuse.

The committee further observed that the Hospital is oversubscribed by 118%. This excess capacity constrains the entity in all aspects leading to inefficiencies in service delivery.

Recommendation

The committee recommends that,

i) Government should provide the requisite funds to sensitize the masses about dangers of Alcohol and Substances abuse.
ii) The committee further recommends that government should invest in

expansion of the current Alcohol and Drug unit to increase the hospital capacity beyond 80 patients.

Action Status	
Management continues to lobby for additional funding to sensitize the community and to expand the alcohol and drug unit to extend services to more patients. As a result of our lobbying expansion of alcohol and drug rehabilitation units at the regional referral units has been included in the fourth National Development Plan (NDP IV).	
Query	**Long Stay of patients**

Audit Finding

Patients admitted to Butabika Hospital are expected to stay for a duration of 2 to 4 weeks, as per the standard protocol established by the hospital's management. However, Audit established that a significant number of patients had stayed far beyond the expected duration. For instance, 150 patients stayed for more than 6 months, 75 patients stayed for more than 1 year while 20 patients stayed for more than 2 years.

In response, the Accounting Officer explained that many of the long stay patients were admitted with severe mental disorders that run a chronic course and some of which necessitate long term inpatient care. Majority of them were also abandoned by families during and following admission which makes it difficult for the hospital to reintegrate them back into the community, despite the hospital having a vibrant community and recovery

program. The program was however constrained by resources to carryout full reintegration of some of the long stay patients.

The committee observed that;

i) Prolonged stays can lead to a shortage of available beds and resources, affecting the hospital's ability to admit new patients.
ii) Extended hospitalization may have negative effects on patients' mental and physical health, potentially delaying their reintegration into society.
iii) The hospital's overall efficiency and ability to provide timely care to new patients may be compromised.

Recommendation
The committee recommends that management should: i) Implement a thorough review of the current discharge protocols to identify and address any bottlenecks or inefficiencies and ensure that discharge plans are initiated early in the patient's treatment process. In addition, the hospital should establish clear criteria for extending a patient's stay and ensure consistent application. ii) Collaborate with relevant stakeholders to establish comprehensive follow-up and rehabilitation facilities to support patients post- discharge and to provide community-based support services.
Action Status
The Hospital continuously reviews its discharge protocols and other protocols related to patient care to inform the treatment process. We have stakeholders now like *YouBelong* with whom we collaborate in providing post-discharge and community-based support services for patients.

Query	**High Doctor-to-Patient and Nurse-to-Patient Ratios**
Audit Finding According to interviews with management, the ideal ratio for nurse to patient is 1:10, and the ideal ratio for doctor to patient is 1:30 in a health facility offering mental treatment. However, Butabika Hospital Executive Director in one of the Board meetings reported that reported that the nurse to patient's ratio was 1:40 and Doctor to patients was 1:70. These ratios are significantly higher than the ideal standards, being more than double the recommends ratios. The Accounting Officer acknowledged the hospital's state of affairs and undertook to continue lobbying MOFPED and Parliament for additional wage since the ban on recruitment had been lifted.	

Observation

The Committee observed that current doctor-to-patient and nurse-to- patient ratios at Butabika Hospital are significantly higher than the ideal standards, leading to increased workload, job-related stress, and potential deterioration in the quality of patient care.

Recommendation

i) The Accounting Officer should conduct a thorough assessment of the current staffing needs and patient load to determine the necessary number of medical personnel required to achieve the ideal ratios and liaise with Health Service Commission to ensure these are filled.

ii) Accounting Officer should work out a mechanism with Ministry of Health to ensure that regional hospitals are facilitated to treat patients with mental health related diseases so that the Hospital is decongested.

Action Status

The hospital conducted a staffing needs assessment at the time of reviewing the structure with MoH and MoPS and lobbied for additional positions based on the standard/deal staff to patient ratios.

2.3 Mulago National Referral Hospital

Query	Budget Performance

Audit Finding

The entity had a revised approved budget of UGX.129.08Bn out of which was warranted UGX.128.95Bn whereas UGX.113.53Bn was utilized by the close of the financial year leaving a balance of UGX.15.41Bn. The unutilized funds were meant for staff salary and Pension (4.171Bn) but recruitment was hinder by the ban, while UGX.11.269Bn was meant for Heavy ICT Hardware improvement however, there were delays in approval of the financing protocols between KOICA and Government of Uganda.

Budget category	Revised Budget in UGX	Warrants (UGX)	Percentage warrants %
Recurrent (Wage)	50,137,544,869	50,137,544,869	100
Recurrent (Non- wage)	62,411,886,216	62,411,886,216	100
			100
Development	16,528,857,549	16,398,757,549	99
Total	**129,078,288,634**	**128,948,188,634**	**100**

Increase in receivables

The analysis by audit of receivables in the Statement of Financial Position and Note 23 to the entity's financial statements showed an increase in receivables of UGX.0.38Bn from UGX.0.33Bn at the end of the previous year to UGX.0.71Bn by the close of the year 2023/2024, representing an increment of 115%. The receivables comprised accrued revenue. There was no collection of any receivable during the year under review.

The Accounting Officer explained that reminders are always sent to the debtors.

Observation

The Committee observes that the increase in receivables denies the hospital revenues to deliver quality services.

Recommendation

The Accounting Officer should devise means to ensure that revenue is collected as soon as it is earned.

Action Status

Demand notices were sent to the debtors and receivables have since reduced by UGX. 86,333,500.

Query	**Accumulation of domestic arrears**

Audit Finding

The analysis of domestic arrears by audit in the Statement of Financial Position and Notes 28 and 31 to the entity's financial statements showed an increase in domestic arrears of UGX.4.96Bn from UGX.7.71Bn at the end of the previous year to UGX.12.67Bn by the close of the year 2023/2024, representing an increment of 64%. The outstanding bills comprised utilities of UGX.7.75Bn out of which water constituted UGX.6.063Bn and Electricity was UGX.1.69Bn.

The Accounting Officer attributed the increase in domestic arrears to the insufficient budget provision for utility bills due to the increase in the number of patients and equipment.

Observation

During the Committee interaction with the Accounting Officer, it was noted that the hospital faced several challenges including; inadequate budget, wasteful usage, obsolete plumbing system resulting in frequent leakages and exceptionally high patient volumes.

Recommendation

The Committee recommends that.

i) MOFPED should provide adequate funds to settle the domestic arrears.
ii) The Accounting officer should be held liable for committing government beyond appropriation.
iii) A phased overhaul of the hospital plumbing system, installation of water efficient technologies and enforcement of internal controls to monitor and prevent leakages.

Action Status

The Hospital arrears are because of insufficient budget provision as per the table below and this information has been brought to the attention of Ministry of Finance Planning and Economic Development (MOFPED) (letters attached).

MoFPED released a supplementary fund for UGX. 6bn for payment of water arrears reducing the arrears portfolio to UGX. 6.67bn.

SN	Vaccine	Start date	End date	Stock Out days
1	Polio	08/11/2023	20/11/2023	12
2	Human Papilloma Virus (HPV)	12/09/2023	03/10/2023	21
		18/03/2024	24/04/2024	37
3	ROTAVIRUS	18/03/2024	17/04/2024	30
		25/07/2023	10/08/2023	16
4	Hepatitis B	18/01/2024	17/04/2024	90

In the FY 2025/26 MoFPED has provided a budget of UGX. 8.35bn of which a UGX. 6.5bn has been released to cater for water arrears.

Query	Staffing Gaps

Audit Finding

The approved staff establishment structure for Mulago National Referral Hospital of March 2024 provides for a total 2351 staff. However, the reviews of the staff list as at April 2024 by audit, revealed that the Hospital had a total of 1369 (58%) staff leaving a staffing gap of 983 (42%).
The Accounting Officer explained that the hospital is grossly under staffed due to insufficient wage provision and efforts have been made to obtain additional wage but in vain. The most affected areas are critical care, emergency, neurosurgery, theatre, transplant medicine, reconstruction surgery, and geriatrics among others.

Observation

The committee observed that there is gross understaffing in most of the critical areas for example, critical care, emergency, neurosurgery, theatre, transplant medicine, reconstruction surgery, and geriatrics among others which requires urgent attention, yet no additional wage was provided.

The committee further observed that the gross understaffing compromises service delivery, overstretches the available staff, creates Job related fatigue and undermines the mandate of the Hospital.

Recommendation

Accounting officers should follow up the recruitment of critical staff using the available wage bill.

The Government should urgently provide additional wage to fill the established structure.

The Ministry of Health should fast-track the recruitment of critical medical and support staff at the Hospital.

Action Status
Management has brought this matter to the attention of MoPS and MoFPED requesting for additional wage of 9bn to cover the staff in Emergency areas as per the recruitment plan 2025/26. The approved structure was for the National Referral Hospital and does not include the requirements of Mulago National Specialized Hospital.

Query	Under-utilisation of the Intensive Care Unit (ICU)

Audit Finding

Audit established that the ICU for adults has a bed capacity of 44 beds. However, only 20 beds were utilized representing 45% utilization interview with the in charge revealed that although there is an overwhelming demand for ICU admissions, underutilization of the facilities forces patients to look for services outside that hospital which inconveniences and impoverishes the caretakers.
The Accounting Officer explained that the underutilization of the ICU beds was due to huge Human Resource gaps. The requirement for critical care nurses is 1:1 (nurses to bed ratio) and engagements were done with MoFPED to provide additional a budget of UGX.5Bn for recruitment of 100 critical care nurses and other staff.

Observation

The Committee observed that Government heavily invested resources in acquisition of ICU equipment. However, a significant portion of this equipment remains idle due to chronic understaffing of critical healthcare specialists. This mismatch between capital investment and Human resource has resulted in underutilization of Medical infrastructure and depreciation.

The committee further observed that the lack of functional ICU equipment compels patients to seek treatment from private facilities where services are costly and unaffordable

Recommendation	
The Ministry of Finance should provide the UGX.5Bn in wage bill to recruitment of 100 critical care nurses and other specialized medical staff. The Accounting Officer should follow-up on the recruitment	
Action Status	
Management acknowledges Auditor General's recommendation and has continued to engage all stakeholdersincludingParliament, MoPS and MoFPED. (Letters attached).	
Query	**Construction of 150 units of staff houses**
Audit established that Mulago Hospital signed a contract with a Contractor in 2020 for construction of 150 units of staff houses at a contract price of UGX.30,288,600,856. The contract duration was 36 months commencing 20thJune 2020 and ending on 20th June 2023. However, the contract completion date was extended to 7th August 2025 resulting into a delay of over two years. Audit also noted from review of certificates of works that works in-respect of advance payments totaling to UGX.2,465,337,787 had not yet been executed by the time of this report despite the advance payment securities having expired and works have been abandoned. The Accounting Officer explained that the works were on going and the Hospital was waiting for certification of works by the contract management team, and any outstanding recoveries would be made from the certificates issued. **Observation** The Committee observed that the contract had delayed for more than two years even after an extension period denying services to the intended beneficiaries who were the hospital staff. The Committee noted that the hospital failed to recover advance payment contrary to Regulation 43(5)(a) of the Public Procurement and Disposal of Public Assets (Contract)	

Regulation 2023, despite the expiry of advance security payment which exposes the hospital to risk losing funds if the contractor failed to deliver the works.

The committee observed that there was a possibility of failure to complete the project, contract variations and financial loss.

The committee further observed that the site had been abandoned and works were behind schedule.
The committee observed that there was laxity on the side of the contract management team as evidenced by the above irregularities and inconsistencies in contract implementation.

Recommendation

The Accounting Officer, the contractor and the contract management team should be held accountable for failure to execute their respective mandates in the implementation of the contract.

Action Status

The Certificate for the works that cover the advance payments and for additional works is being prepared by the Contract Management Team. We will ensure that no further payment is effected before recovery of the said advances.

The contractor is onsite; however, the pace of construction is affected by limited funding. At the time of the Audit, the contractor was setting up another block which is part of the same contract. See the picture below;

Query	Slow Implementation of the Intergrated Health Management System

Audit Finding

Audit established that the Government of Uganda through the Ministry of Health rolled out the Integrated Health Management System (IHMS) to the Hospital in 2017 with the aim of automating both clinical and non-clinical processes in the Hospital. It was piloted in the Private Patients Services (PPS), Radiology, Dialysis, Renal, ICU, and Finance and Administration Units.

The review of documents indicated that the following phase 1 modules had been installed; Registration, Appointment, Nurse work Bench, Laboratory, OPD Billing/Accounts, Pharmacy among others

Audit also noted that the system was yet to be extended to other units of the Hospital due to logistical challenges of insufficient ICT infrastructure like network cabling and computers. However, the physical inspection of the utilization of the installed modules revealed that;

i) The billing/accounts module was not in use in Private Inpatients Ward 6B and the billing was being done manually. The laboratory module was not in use reportedly due to having been not synchronized with the laboratory system provided by the manufacturers of the laboratory equipment.
ii) The Pharmacy module, which was meant to be used for recording and tracking of the movement and utilization of the medicines and health supplies, was not in use.

The Accounting Officer explained that the scale of the IHMS system was hindered by the incomplete renovation works of Lower Mulago under which the ICT backbone of the system was to be installed. The system is operational in some areas and has not yet deployed the modules of Laboratory and Pharmacy. Management had secured a grant from KOICA

to support completion of the ICT infrastructure backbone and scale up of the system.

Observation

The Committee observed that funds were spent on the installation, for instance billing/accounts and pharmacy, however, was not rolled out in these critical areas that are directly linked to revenue collection and management.

The incomplete utilization of the installed phase 1 modules affected the efficiency of the Hospital's operations resulting in long waiting hours, poor patient's appointments scheduling, poor patients record keeping and follow up since manual systems are prone to errors.

The committee observed that the Integrated Health Management System first piloted in 2017 and is still a pilot eight (8) years down the road.

Recommendation

The government ensure that Ministry of health implements the Integrated Health Management System (IHMS) in coordination with the Ministry of ICT and National Guidance to promote elimination duplication and enhance Public sector efficiency.

Action Status

The scale up of this system has been affected by incomplete civil works at Lower Mulago which includes the ICT infrastructure. It is also important to note that Upper Mulago has no ICT infrastructure.

The deployment of the entire system depends on the presence of a complete ICT Infrastructure.

Management has secured a Grant from KOICA to support completion of the ICT infrastructure backbone and scale up of the system to include both Lower and Upper Mulago. However, the Grant awaits finalization of the funding protocols.

2.4 Kawempe National Referral Hospital

Query	Accumulation of domestic arrears

Analysis of domestic arrears from the entity's financial statements showed an increase in domestic arrears of UGX.0.64Bn from UGX.0.73Bn at the end of the previous year to UGX.1.37Bn by the close of the year 2023/2024, representing an increment of 87.7%. The outstanding bills comprised utilities of UGX.0.65Bn and compensation to employees of UGX.0.73Bn. There was no payment of any arrears during the year under review.

The Accounting Officer attributed the increase in domestic arrears to the insufficient budget provision for utility bills due to the increase in the number of patients and equipment

Observation
The Committee observed that the entity did not budget nor pay any arrears during the year under review.

The Committee noted that accumulation of arrears coupled with delayed settlement of payables may lead to litigation costs and consequently loss of funds to government.

The committee observed that the Accounting committed government beyond appropriation contrary to Sec.20(2) of the PFMA, CAP 171

Recommendation

The Committee recommends that;

i) MOFPED should provide adequate funds to settle the domestic arrears.

ii) The Accounting officer should be held liable for committing government beyond appropriation.

Action Status

The Hospital management has and continues to engage the Human Capital Development Programme Working Group, MoFPED, and the Parliamentary Health Committee to ensure adequate funding for utilities in order to avoid further accumulation of domestic arrears.

Action

The budgets for electricity and water increased from UGX 722m and UGX 366m in FY2024/25 to UGX 822m and UGX 420m in FY2025/26, respectively. This will enable the hospital to adequately cover its utility bills, as was the case in FY2024/25.

In addition, the hospital declared the arrears for FY2023/24 to MoFPED. UGX 483,388,065 has been provided in FY2025/26, of which UGX 268,255,063 has been released in quarter two of the current FY. This is expected to reduce the outstanding arrears to UGX 888,868,815. This remaining balance will be cleared in the next two FYs as per the Government's strategy to eliminate domestic arrears.

Query	**Inadequate Storage Facilities for Medicines and Medical Supplies**

Audit Finding

Section 14 of the National Drug Policy and Authority Regulations 2014, states that materials and goods shall be stored under cover and off the floor in an area;

a) That has sufficient space;

That is laid out to allow clear separation of different materials and products to minimize the risk of mixing them up;

c) That is secure; and
d) Where access to materials and goods is restricted to authorized personnel only.

However, from the inspection of the hospital stores for medicines and medical supplies audit observed that the stores did not meet the above requirements.

During an interaction with the committee, the Accounting Officer explained that he continues to engage the MOFPED, MOH and the Parliamentary Health Committee to provide funding for the acquisition of the adjacent land measuring approximately two acres which had been valued. As an

alternative measure, management improvised storage facility by acquiring containers.

Observation

The committee observed that Kawempe NRH has limited space in terms of acreage, it was originally designed for a lower tier facility later elevated to national referral hospital status without consideration of provision for future expansion.

The committee further observes the risk of associated with inappropriate storage of medical supplies that can result into their contamination making them unsafe for human consumption.

The Hospital management proposed acquiring adjacent land measuring approximately 2acres whose funding has not been availed yet.

Budget category	Revised Budget - UGX	Warrants - UGX	Percentage warrants %
Recurrent (Wage)	10,804,562,198	10,804,562,198	100
Recurrent (Non- wage)	1,726,444,427	1,726,444,427	100
Development	2,620,000,000	2,620,000,000	100
Total	**15,151,006,625**	**15,151,006,625**	**100**

Recommendation

Government should prioritize provision of funds for the acquisition of the land to facilitate expansion of the whole facility thus solving the challenge of inadequate storage.

Action Status

The hospital management has and continues to engage its neighbors to acquire the adjacent land measuring approximately two (2) acres. The acquisition processes for some of the land is past the valuation stage.

The management continues to engage the relevant stakeholders including Parliament and MoFPED for funds to enable the Hospital to acquire additional land for expansion.

Query	Understaffing

The Accounting Officer, in his commentary to the financial statements, highlighted inadequate staffing as the hospital's immediate challenge. He indicated that out of the approved staff strength of 938 positions, only 349 positions were filled leaving a gap of 589 positions, representing a staffing level of only 37%, which was far below the national average of 68%.

The commentary further shows that the Ministry of Public service had cleared up the hospital to recruit critical staff and a wage budget of UGX.3.9Bn had been provided in the budget for financial year 2024/2025 and the recruitment exercise was ongoing.

Observation

The committee observes that Kawempe NRH is understaffed by 589 that is 68%, despite serving a very large catchment population.

The committee further observed that understaffing adversely affects the quality-of-service delivery, overstretches the available staff and undermines the mandate of the hospital.

Recommendation

i) The Accounting Officer should fast-track recruitment of critical staff for which funding was availed.
ii) Government should provide adequate funds to fully implement the staff structure.

Action Status

The hospital was cleared to recruit in December 2023, with the additional UGX 3.9 bn received for recruitment of critical staff in FY 2023/2024;

Ninety-seven 97 staff were recruited and deployed, whilst 81 staff were promoted boosting staff morale. The current staffing position is 446, which is 47% of 938, from 33% in FY21/22.

Management continues to engage the Ministry of Public

Service and Ministry of Finance, Planning and Economic Development to mobilize funds to facilitate recruitment of staff at the facility to achieve the national average of 68% staffing level.	
Query	**Interruption of services due to equipment breakdown and delayed repairs**

Audit Finding

Audit review of the installation and functionality of gas filling station, CT scan and Fluoroscopy machine established that they had not been working for over six months by the time of inspection in October 2024.

The non-functioning of the filling station resulted in the hospital spending UGX.320,363,150bn piped medical oxygen and refilling of oxygen cylinders during the period. It also led to the Radiology Department being unable to carry out scan requests and forcing patients to resort to have them done from outside the hospital.

The Accounting Officer explained; that the hospital's budget was inadequate and there was a high equipment and machinery breakdown due to over-use, resulting from high patient numbers and power surges. Regarding delayed repairs of the gas filling station, Preventive and Corrective repairs for all MoH procured Oxygen filling stations countrywide, is centrally managed by a contractor procured by the MoH. The MoH was notified and was aware of the breakdown.

In addition, the CT scan and Fluoroscopy machine were repaired but failed shortly thereafter. The Equipment was subsequently assessed by the manufacturer's authorized distributor and recommends replacement of core components (the ICS-Image communication system and CT software sets) and the Hospital was finalizing the process of procuring the contractor.

Observation

i) The committee observed that there was inadequate funding for repairs and maintenance of medical equipment which resulted into disruptions.

ii) The committee noted that there is slow response by Ministry of finance regarding demand for centralized maintenance services in referral Hospitals which impacts on service delivery.

iii) The committee further observed that the fluoroscopy machine was beyond repair and therefore needed replacement

Recommendation

The Committee recommends that,

i) MoFPED should provide adequate funding to support timely repairs, routine maintenance and strategic replacement of critical medical equipment (Fluoroscopy).

ii) The Ministry of Health should develop a proper Medical Equipment Inventory Management system to track the equipment life cycle.

iii) The Ministry of Health should consider procurement of medical

equipment of advanced technology which is more compatible and easier to maintain.

Action Status

Audit Finding

The Equipment Maintenance budget increased from UGX 418m in FY2021/22 to UGX 859m in FY24/25, and UGX 1.603 bn is budgeted for FY25/26. However, this is still inadequate to cover all required repairs, routine maintenance, and servicing of the high-value and critical medical equipment.

Additionally, the retooling budget reduced from UGX 1.5bn in FY2021/22 to UGX 900m in FY22/23 and further to UGX 810m in FY2023/24 and has remained unchanged at UGX

810m in FY24/25 and FY25/26 limiting the hospital's ability to undertake strategic replacement of critical medical equipment like Fluoroscopy and CT scan.

Management will continue engaging MoFPED to achieve the required annual budget of UGX 7bn for maintenance of equipment, plants and machinery and UGX 2.8bn for the institutional development project in the subsequent FYs.

2.5 Kiruddu National Refferral Hospital

Query	Payment of unbudgeted Domestic Arrears

Audit Finding

Audit Review of the cash flow statement and Note 28 to the financial statements revealed that that Hospital spent UGX.0.544Bn the settlement of domestic arrears although the approved budget estimates for 2023/24 revealed that the hospital had only budgeted UGX.0.006Bn for domestic arrears. Therefore, the excess payment for domestic arrears of UGX.0.538Bn had not been budgeted for.

The Accounting Officer explained that only UGX. 6,694,444 was provided by MOFPED in the FY 2023/24 to cater for domestic arrears and paid. Kiruddu National Referral Hospital had submitted the verified domestic arrears in the last 3 financial years without receiving corresponding budget to cater for the domestic arrears. Therefore, management innovatively budgeted to settle arrears worth UGX.0.544Bn, using the recurrent budget for the FY 2023/24, thereby reducing the payable at the end of the year.

Observation

The Committee observes that failure to budget for domestic arrears creates spending pressures and diversion of funds from planned activities and is contrary to Section 12(10) (a) (iv) of the Public Finance Management Act, Cap 171.

Recommendation	
Accounting Officers have been instructed not to commit government beyond budget appropriation.	
Action Status	
In the Financial year 24/25, the hospital has domestic arrears of pension totaling UGX 38,230,590 (Thirty Eight Million, two hundred thirty thousand five hundred and ninety shillings only. This was submitted to MoFPED after verification. Going forward all domestic arrears will be presented to MoFPED.	
Query	**Failure to recognize non-produced assets**
Audit established that the hospital has 2 plots of land namely; plot 3927 block 273 where the main hospital building is located and plot 1774 block 255 where a sewerage treatment plant was constructed both registered in the names of Kampala Capital City Authority (KCCA). Through physical inspection, audit noted that the land in question also has a perimeter wall fence, intern and staff quarters among others. A letter from the Accountant General dated 21st October 2022 addressed to the Hospital Executive Director, guided that Kiruddu National Referral Hospital should disclose the land in its asset register as part of the assets owned by the vote and also initiate transfer of the land title from KCCA to KNRH. Review of the statement of financial position and Note 27 revealed that the Accounting Officer did not recognize the above land as non-produced assets contrary to the annual financial reporting circular for FY ended 30/6/2023 No. AGO/50/90/01 issued by Accountant General on the 11th July 2023. The Accounting Officer explained that there had been numerous engagements between Kiruddu National Referral Hospital, KCCA, Ministry of Health, and Ministry of Lands regarding transferring the land titles. KCCA responded to Kiruddu National Referral Hospital to request Government to do outright purchase of the Land or pay rent. The Accountant General and Minister of Health provided guidance to enable the Land transfer process.	

Observation

The Committee observes that failure to recognize non-produced assets understates total assets in the financial statements and the lack of Land titles exposes the land in question to a risk of encroachment and hinders further developments. For instance, the Hospital failed to construct a black store to house items awaiting disposal because KCCA did not grant the Hospital a no objection to construct.

Recommendation

The Committee recommends that the Accounting Officer should continue engaging KCCA on the guidance issued by the Minister for Health and Accountant General with the aim of fast tracking the land transfer process.

Action Status

KCCA is not willing to transfer the land to Kiruddu Hospital. Their position is that the Hospital either rents or procures the land. All the land is already developed and it's where the Hospital is currently sitting. We shall continue to engage them with support from the Ministry of Health.

Query	**Irregular recruitment and renewal of contract staff**

Audit Finding

Audit Review of the staff lists and payment files revealed that the hospital appointed and also renewed contracts of twenty-six (26) contract staff and these were paid a total of UGX.0.178Bn. Audit noted that these did not undergo any medical examinations and there was no evidence to show that the hospital had sought clearance from the Permanent Secretary prior to their appointment and contract renewal.

The Accounting Officer explained that the Departure of Mulago NRH staff created acute staffing crisis. The staffing Hospital staffing level is at 32%. Top management took a decision to recruit staff on local contracts to cover key critical areas (ICU, Laundry, NTR management, stores management, and plumbing) considering there was a freeze on recruitment. The

Accounting Officer indicated that after lifting the freeze, the Hospital embarked on the process of migrating these staff to the main payroll before the end of the FY 24/25.

Observation

The Committee observed that irregular recruitment and renewal of staff contracts is not only contravention of Paragraph 11 of the Public service standing orders 2021 but also increases the financial strain on hospital resources thus affecting implementation of planned activities.

Recommendation

The Committee recommends that the Accounting Officer should follow the due process prior to recruitment/ renewal of contract staff

Action Status

The contracts that expired for most contract staff between July and August have not been renewed and other contracts are expiring December 31st 2025 and these will also not be renewed.

Query	**Supplementary funding not requested for by the Accounting Officer**

Regulation 18 (2) of the Public Finance Management Regulations, 2016

(PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

Audit noted that the hospital only requested for UGX.0.522Bn but received a total of UGX.0.613Bn hence UGX.0.091Bn was not requested for by the Accounting Officer as required by the PFMR.

The Accounting Officer explained that the funds released were beyond what was requested and this was returned to Treasury.

Observation

The Committee observed that MoFPED released excess

supplementary funds amounting to UGX.0.091Bn which deprived other government priorities that were in need of funds.
The committee further observed that release of excess funds beyond what was requested exposes public funds to misappropriation.

Recommendation

The Committee recommends that the Ministry of finance should desist from Processing Supplementary budget requests that have not been originated by the responsible Accounting Officer.

The Ministry of Finance should release funds with clear justification and be kin on the amounts requested.

Action Status

In the Financial Year 24/25, Kiruddu Hospital received a supplementary budget of UGX 2 Bn from MoFPED for dialysis services as requested by the Hospital.

Query	**Criteria for supplementary expenditure**

Regulation 18 (5) of the Public Finance Management Regulations, 2016 requires that the supplementary expenditure should be an expenditure that cannot be funded through virements, cannot be postponed to the next financial year, or was unforeseeable.

Audit noted that supplementary expenditure amounting to UGX.0.522Bn did not meet the supplementary expenditure criteria contrary to Regulation
18 (5) of the PFMR, 2016. For instance, the appropriation was meant to

cater for Pension and gratuity for 1 staff a former employee was due for mandatory retirement on 15th February 2024.

The Accounting Officer explained that the officer had been erroneously omitted in the initial budgeting. That is why there was a request for supplementary funding.
Observation

The Committee observed that management was supposed to

include the expected gratuity in the projected budget estimates for FY 2023/24 therefore, this expenditure was clearly foreseeable and its approval was contrary to Regulation 18 (5) of the PFMR, 2016.

Recommendation

Parliament should increase scrutiny of supplementary budgets and only approve those that certify Regulation 18 (5) of the PFMR, 2016.

The Committee recommends that the Accounting Officer should ensure that comprehensive planning is carried out for staff pension so that all pension- related costs are included in the entity's budget

Action Status

The Hospital will comprehensively plan for the domestic arrears as guided by the committee. We have already submitted the arrears for staff pension for the F/Y 2024/25 to MoFPED.

Query	**Functionalityof facilities/equipment**

Audit Finding

The Auditor General sampled projects and equipment worth UGX.0.720Bn were not functional despite completion and installation. Some of the equipment include Dialysis machines, Gastroscopy machine and Bronchoscopy machine. The Accounting Officer explained that for Bronchoscopy machine the process of procuring a new fiber optic scope was under way at the stage of display of best evaluated bidder while for Dialysis machine, The Accounting Officer explained that due to overuse, the machines wear and tear was high requiring repeated repairs. The supplier has since installed a new water treatment plant and new machines.

Observation

The committee observed that the Gastroscopy machine has been non- functional for one year since November 2023 up to audit inspection date of 14th October 2024 and the

Bronchoscopy machine was purchased in the FY 2020/21 at an estimated cost of UGX 250m and has not been in use for two years since installation due to lack of technical personnel to operate the machine. The Committee further observed that failure to utilize the procured items for the intended function negates the purpose for which government invested money to procure them.
Recommendation
The Committee recommends that the accounting officer should consider training his staff in the operation of complex equipment and expedite the procurement of Bronchoscopy machine spare parts.
Action Status
The Bronchoscopy machine is being used now. They have so far done 3 procedures.

Query	**Medical equipment and COVID 19 procured item** **a) Digital x-ray machine**

Audit Finding

Audit noted that the imaging plate (serves as a surface onto which the x-ray casts digital images) had a depleted battery. Interviews with management revealed that whereas the battery initially served an average of six (6) hours, the batter power had reduced to one (1) hour. This has affected the total number of tests carried out by the machine in a day since a lot of time is spent charging the plate which has been faulty since May 2024.

The Accounting Officer explained that management had engaged Service providers and the contract for repairs had been signed. In addition, Management had initiated efforts to secure a heavy-duty X-ray machine from MOH to cater for the heavy load of patients.

Observation

The Committee observes that the faulty charging plate increases the waiting time for patients that has increased

from an of average 20 minutes per test to two (2) and up to three (3) hours per test thereby affecting service delivery.

Budget category	Revised Budget (UGX)	Warrants (UGX)	Percentage warrants %
Recurrent (Wage)	8,969,026,536	8,969,026,536	100
Recurrent (Non-wage)	2,059,330,040	2,058,330,041	100.0
Development	900,000,000	900,000,000	100.0
Total	**11,928,356,576**	**11,927,356,577**	**100.0**

Recommendation

The Accounting Officer should fast track the procurement process and ensure availability of critical medical equipment.

Action Status

The procurement process for the new X-ray by Ministry of Health is still ongoing. We hope to receive one as soon as they are delivered to Ministry of Health.

Query	**Ultra sound machine**

Audit Finding

Audit observed that the Hospital operates three (3) ultra sound machines, the machines are primarily used for carrying out internal body scans. Interviews with management revealed that the linear probe on the scanner was faulty causing the scanner to produce blurry/ unclear images.

Inspections and interviews revealed that the linear probe had been faulty for over a year and the unit was unable to carry out;Doppler examinations (studying veins for blood clots) and Small parts scans/ examinations

The Accounting Officer explained that management had engaged Service providers and a contract for repairs was signed. Secondly, a call-off order had been issued for the procurement of new probes.

Observation

The Committee observed that absence of critical equipment may erode public confidence in the capacity of the health

facility; further, it forces patients to opt for costlier options at private facilities.
Recommendation
The Committee recommends that the Accounting Officer should ensure that; The procurement process is fast tracked to ensure availability of critical medical equipment.
Action Status
The Linear ultrasound probe and convex ultrasound probe were procured and currently the machine is working well.

Query	**Inspection of the Hospital's power system**

Audit Finding

Audit inspection of the power room which houses both the hospital's solar inverter system and its distribution board revealed that plenty of stagnant water could be seen in a service duct just beneath the high voltage distribution board.

The Accounting Officer explained that management had engaged the Ministry of Health and engineers had already visited the facility. Efforts to rectify the problem were under way. The Hospital management undertook to continuously empty the room as a temporary solution.

Observation

The Committee observes that stagnant water in proximity to high-voltage equipment poses a risk of electrical faults, short circuits, and potential damage to sensitive components. Additionally, accumulation of water could lead to long-term corrosion, which may affect the overall performance and lifespan of the electrical systems.

Recommendation
The Accounting Officer should ensure that a comprehensive and permanent solution is implemented promptly to address the root cause of the water accumulation in the service duct
Action Status
The Hospital is still using the temporary means of emptying the room as we await final advice from the Infrastructure

Division of Ministry of Health which visited the hospital to assess this challenge	
Query	**Inconsistencies in preparation of MoUs with Kiruddu RRH**
The MoUs provide clear expectations and roles and responsibilities of all the parties involved. Audit Review of the MoUs signed between Kiruddu National Referral Hospital (KNRH) and the regional referral Hospitals revealed inconsistencies between the terms agreed to with each of the hospitals. Furthermore, audit noted that the Hospital had only signed two MoUs with two regional centres (Mbarara RRH and Lira RRH). The team was not availed with the MoU signed with Mbale RRH. **Observation** The Committee observes that in absence of an MoU, the Hospital may experience challenges in carrying out its supervisory role over the RRH. Additionally, contradictions in the MOUs may also open legal issues for the hospital hence litigation costs.	
Recommendation	
The Accounting Officer should ensure that the Hospital develops comprehensive MoUs that address all the critical aspects of the operation of the centres and these should be uniform across the different regional centres.	
Action Status	
All MoUs have been harmonized. The units are directly accounting for the supplies and NTR collections to MoFPED	
Query	**Failure to collect NTR from the RRH**
Audit Finding Article 3.6 (a) and (b) of the MoU with RRH require RRH to remit to the consolidated fund as required by PFMA 2015 and to retain 50% to cover running costs of the dialysis service. However, audit was not furnished with any proof of	

remittances by the RRH on the Hospital's behalf, although UGX.1.357Bnhad been spent on the procurement of dialysis consumables supplied to the hospitals.

The Accounting Officer explained that the hospital was in the process of revising MoUs in which all entities would be required to account for the funds collected.

Observation

The Committee observed that failure to remit revenue collected from the service denies government the much-needed NTR.

Recommendation
The Accounting Officer should be held liable for spending at source contrary to PFMA 2015
Action Status
The Hospitals which offer dialysis services are currently accounting for the supplies and NTR collections to MoFPED

Query	**Stock out of vaccines**

Audit Finding

A "stock-out" refers to the unavailability of essential medicines, vaccines, or medical supplies at health facilities.
Audit Inspection of cold chain stock cards and requisition books revealed that four (4) out of the ten (10) sampled vaccines experienced stock outs ranging from 12 to 90 days in the year under review as illustrated below.

Table Showing vaccine stock outs

Source: Stock cards and vaccines requisitions

Interviews with the in-charge revealed that the stock outs occurred due to the shortages of vaccines at the Division Vaccines Store (DVS) and as such their requisitions could not be honoured. I also noted that on certain instances the hospital requested for the vaccines when they were already out of stock (nil balance).

The Accounting Officer explained that the Vaccine stocks at the facility are largely guided by stocking levels at KCCA but undertook to continue engaging and working with them to strengthen stock availability.

Observation

The Committee observed that stock-outs erode patient confidence in the health facilities which leads patients into exploring inappropriate and expensive alternatives of health care.

Recommendation

The Accounting Officer should continuously engage DVS and KCCA to promptly deliver drugs as per the requests/orders.

Additionally, the Accounting Officer should consider establishing a minimum buffer stock level that accounts for average usage rates and potential delays in replenishment. This buffer stock would serve as safety net to prevent stock outs.

Action Status

Provision of vaccines is entirely a responsibility of KCCA but we have continually engaged the DHO at KCCA to continuously supply Kiruddu Hospital with adequate vaccines

Query	**Operations of Village Health Teams (VHTs)**

Audit Finding

Interviews with management revealed that the Hospital serves 48 parishes with one VHT attached to each parish. It was however noted that only 6 VHTs of the 48 are active and their absenteeism was attributed to the absence of funding to

facilitate the immunization drives and outreach campaigns.

The Accounting Officer explained that the hospital had no budget to facilitate VHTs as this is the mandate of KCCA. Efforts had been made to assist with this.

Observation

The Committee observes that the non-participation of VHTS has creates challenges in the execution of outreach activities especially in tracing of households for follow up and subsequent vaccination

Recommendation

The Accounting Officer should liaise with KCCA to support and improve participation of VHTs on the immunization drives and outreach campaigns.

Action Status

The VHTs are working and they are under the direct supervision of KCCA. When our staff go for immunization and other related activities, they have been getting the support of VHTs

Query	**Lack of a functional fridge for cold chain**

Audit Finding

Audit Inspection of the immunisation and family planning unit revealed that the unit had two (2) fridges to support the operation of the cold chain. However, by the time of audit one fridge had not been in use for over 5

months owing to a faulty fan. As such, the fridge could not maintain temperature within the prescribed range of 2 to 8 degrees centigrade contrary to requirement of Section 6.4.1 of the Uganda Essential Medicines and Health Supplies (EMHS) Management Manual 2023.

Interviews with the users further revealed that although complaints on the functionality of the fridge had been raised with the bio medical engineer, no action had been taken to date.

The Accounting Officer explained that letters had been written to UNEPI and KCCA to facilitate the acquisition of a more reliable cold chain system. The one available was constantly breaking down.

Observation

The Committee observes that the absence of reliable cold chain at the Hospital not only contravenes Section 6.4.1 of the Uganda EMHS Manual, 2023 it could also be responsible for expiry of Drugs and health supplies.

Recommendation

The Accounting Officer should ensure that the faulty machinery is inspected and repaired. Furthermore, make follow ups with UNEPI and KCCA on the acquisition of more reliable cold chain equipment.

Action Status

The procurement for service and repair is ongoing and work will be executed in Q2 of Financial Year 2025/26.

2.6 The China-Uganda Friendship Hospital- Naguru

Query | **Budget Performance**

The entity had a revised approved budget of UGX.18.43Bn out of which was warranted UGX.18.17Bn whereas UGX.16.77Bn was utilised by the close of the financial year leaving a balance of UGX.1.40Bn.

Budget category	Revised Budget in UGX	Warrants (UGX)	Percentage warrants %
Recurrent (Wage)	10,727,690,504	10,727,690,504	100
Recurrent (Non-wage)	7,467,030,038	7,196,826,487	96
Development	240,000,000	240,000,000	100
Total	**18,434,720,542**	**18,164,516,991**	**99**

The unutilized balance of UGX.1.4Bn was meant for General Staff Salaries, Pensions and Gratuity.

The Accounting Officer explained that in April 2023 there was a halt on recruitment to have a comprehensive audit of the payroll that was lifted in December 2023 and affected the recruitment. He further explained that, with regard to pension and gratuity, several Nursing Assistants were meant to be retired by the Public Service Commission, but was halted.

Recommendation

The Accounting Officer of the Hospital should liaise with the Health Service Commission to expedite the recruitment process.

Action Status	
The funds in question had been budgeted and subsequently released to cater for the new medical recruits during the period under review. However, shortly before the exercise, a ban was put on all recruitments by Public Service and thus these funds could not be utilized. The ban has since been lifted by PS and recruitment is ongoing	
Query	**Budgeted activities for which no funds were released**
The committee was informed that the entity had an approved budget of UGX.18.435Bnout of which UGX.18.165Bn was warranted resulting in a shortfall of UGX.0.270Bn representing 99% performance. The Accounting Officer explained that the Vote did not receive the money in question for the fourth quarter and management wrote to the Ministry of Finance with a copy to Ps Ministry of Health informing them about the same **Observation** The committee observed that the entire UGX.0.270Bn that was not warranted was meant for the Human Capital Development programme activities and failure to provide funds for activities that were budgeted negatively affects their implementation and achievement of the expected services.	
Recommendation	
The Government should release funds as appropriated by Parliament and Budget for Health sector should be more realistic and its release should be consistent and predictable.	
Action Status	
The funds were not warranted because it was not released by MoFPED. Management wrote to MoFPED reminding and request for the funds but were not released till the end of the financial year.	

2.7 Arua Regional Referral Hospital

Query	Budget Performance

Audit Finding

The entity had a revised approved budget of UGX.15.15Bn out of which UGX.15.15Bn was warranted whereas UGX.15.14 was utilized leaving UGX 0.01 un-utilized.

The unutilized funds were meant for payment of pensions, which never happened by the end of the financial year.

Accounting officer explained that the Funds were meant for Pensioner's gratuity however, the Funds were not paid because of issues with the supplier number hence the unspent balance.

Observation

The committee observed that Accounting Officer did not tender in copy of Notice circulated to the pensioner in question to rectify the Supplier number. Failure to pay a Pensioner his or her due pension affects the livelihood of the Pensioner.

Recommendation

The Accounting Officer should always communicate to the pensioners early in time to avoid last-minute payments that might not materialize due to lack of information.

Action Status

The Accounting Officer was directed to take responsibility for the failure to pay pensioner gratuity due to administrative lapses related to supplier number information. Management was advised to strengthen communication and verification processes with pensioners by issuing timely notices and ensuring all required documentation is submitted well in advance of payment processing. The Committee resolved that improved internal controls and early engagement with pensioners should be implemented to prevent recurrence of delayed or missed pension payments, with compliance to be reviewed in subsequent audit periods.

Query	Long Outstanding Payables

Audit Finding

The entity disclosed in its Statement of Financial Position payables amounting to UGX.2.637Bn.

The Accounting Officer attributed this to; Insufficient budget allocation for non-wage and recurrent expenses to the vote and the growing population covered by Arua Regional Referral Hospital because of the border with South Sudan and Congo, which has seen an influx of patients from these areas and this, has strained the meagre resources forcing management to seek credit to keep offering medical service.
The Accounting Officer further explained that Management has continuously made efforts to follow up with the MoFPED for funds to clear the above arrears to settle the service providers/ beneficiaries.

Observation

The committee observed that there was minimal effort in settlement of these payables as only UGX.0.007Bn was paid to creditors during the year. The Committee noted that accumulation of arrears coupled with delayed settlement of payables may lead to nugatory litigation costs and consequently loss of funds to government.

Recommendation

i) The Accounting Officer should be held liable for not budgeting for domestic arrears.
ii) MOFPED should provide funds to fully settle the domestic arrears.
iii) Government should consider making domestic arrears a statutory obligation and be made the first call at budgeting

Action Status

The Accounting Officer has been held responsible for the inadequate budgeting and minimal efforts in settling long outstanding payables. Management is expected to strengthen internal commitment controls and prioritize the settlement of arrears. Follow-up with MoFPED for release of funds to clear domestic arrears is ongoing. The Committee

also recommended that domestic arrears be treated as a statutory obligation in future budgets to ensure timely settlement and prevent unnecessary litigation or loss of government funds. Implementation of these measures will be monitored in subsequent audits.

Budget category	Revised Budget in UGX	Warrants UGX	Percentage warrants %
Recurrent (Wage)	13,167,331,102	13,167,331,102	100
Recurrent (Non-wage)	6,814,504,190	6,644,904,190	98
Development	3,642,471,037	3,633,316,920	100
Total	**23,624,306,329**	**23,445,552,212**	**99**

Query | **Understaffing**

Audit noted that out of the approved 359 positions at the Regional Referral, only 273 (76%) were filled leaving 86 (24%) positions not filled. The most affected departments were Radiology department that a lacked a radiologist to interpret medical images, laboratory department, among others.

Relatedly, the new structure as guided by the MoPS vide a Circular by the Head of Public Service Ref; MSD 135/306/02 Vol.66 dated 9th March 2023 had not been implemented.

While interacting with the committee, the Accounting Officer explained that they have made an effort to request for additional wage from MOPS to fill critical vacant positions. The Accounting Officer further stated that the newly approved structure shall be implemented gradually based on the availability of wage and the current recruitment plan intended to fill some critical positions for FY 2024/2025.

Observation

The committee observes that understaffing overstretches the available staff beyond their capacity creates job-related stress and negatively affects the level of health service delivery. This is also contrary to Section A of the Uganda Public Service Standing Orders 2021.

Recommendation

The Government should revise the wage budget to match the new hospital staff structure.

Action Status	
Requests for additional wage allocation from the Ministry of Public Service (MoPS) to fill critical vacant positions. Implementation of the new hospital staff structure is planned gradually, aligned with available wage resources and the recruitment plan for FY 2024/2025. The Committee's recommendation to revise the wage budget to fully match the approved structure is pending action by the relevant government authorities. Monitoring of staff recruitment and deployment will continue to ensure critical positions are filled.	
Query	**Delayed release of Funds**
Audit Finding Audit observed from the release schedule that the Hospital received Government grants amounting to UGX. 10,649,241,316 with delays ranging from 6 to 11 days after commencement of each quarter contrary to Regulation 14(2-3) of the Public Financial Management Regulations, 2016 The Accounting Officer promised to continue engaging MoFPED on the issue of timely release of expenditure limits to be consistent with the release circulars issued by PS/ST **Observation** The committee observed that delayed release of funds results in delayed delivery of medical services, which negatively affects service delivery.	
Recommendation	
The committee recommends that the Ministry of Finance, Planning and Economic Development should adhere to the approved cash flow projections of Entity and release all appropriate funds on time.	
Action Status	
The Accounting Officer is actively engaging the Ministry of Finance, Planning and Economic Development (MoFPED) to address delays in the release of expenditure limits. Efforts are ongoing to ensure that future fund releases align with the approved quarterly cash flow projections. Full compliance with timely disbursement, as recommended by the Committee, is still pending.	
Query	**Delays in Disposal of Grounded Assets**
Audit noted that one hospital vehicle had been grounded for so long and no plans were in place to value and dispose of this asset. Details are in table 7 below;	

Delays in disposal of unserviceable assets; leads to further loss in recoverable disposal value and loss to the Hospital in terms of local revenue. The Accounting Officer explained that the board of survey report is ready and that this will aid the disposal process.

Observation

The Committee observed laxity by the Accounting Officer not to have disposed-off the motor-vehicles in time noting that, obsolete items consume space and are exposed to further deterioration.

Recommendation

The Accounting Officer should expedite the disposal of all rounded Assets in timely manner to avoid loss of value and wastage of compound space.

Action Status

The Accounting Officer has prepared the Board of Survey report, which is a key step toward disposal of the grounded vehicle. However, the actual disposal process has not yet been completed. The Committee's recommendation to expedite disposal and prevent further loss of value remains partially implemented.

Query	**Failure to properly maintain the medical Equipment**

Audit Finding

Audit observed that the Hospital did not carry out regular maintenance of the available medical equipment and as such some had broken these included Old oxygen plant, Bio safety cabinet Class 2 and Exercise bikes.

During an interaction with the committee, the Accounting Officer explained that the maintenance and service of the Oxygen Medical plant project is under the direct supervision and control of the Ministry of Health.
However, Management continuous to follow up with the Ministry of Health to ensure timely service and maintenance of medical Oxygen plant project.

Observation

The committee notes that the budget for Maintenance of medical equipment for all RRH is centrally managed by the Ministry of Health however, there is laxity by the Ministry in responding to maintenance requirements by the Referral Hospitals.

Recommendation
The committee recommends that the Accounting Officer Ministry of Health should ensure that the medical equipment is maintained and repaired timely to ensure effective administration of health services
Action Status
The Accounting Officer has been actively following up with the Ministry of Health for maintenance and servicing of the medical Oxygen plant and other equipment. However, regular maintenance has not yet been fully ensured due to centralized control by the Ministry of Health. The Committee's recommendation remains partially implemented, pending timely action by the Ministry to address maintenance gaps.

Query	**Failure to utilize Equipment (Idle Equipment)**

Audit Finding

During the audit, it was noted that certain key medical equipment was not put to use. These included equipment;CBC Machines Equipment and New oxygen plant equipment.

The Accounting Officer explained that the reagents that the machines used to perform tests were out of stock and the delay in installation of a transformer and generator that can ensure reliable supply of power to the oxygen plant and shoddy works during wiring were responsible for idle equipment at the time.

Observation

The committee observed that failure to maintain and utilize medical equipment denies provision of medical services to the population.

Recommendation
The committee recommends that Accounting Officer should ensure all equipment are utilized by engaging MOH to ensure that suppliers who are contracted to install and repair certain machines or equipment perform as per the contracts.
Action Status
The Accounting Officer has identified the causes of idle equipment, including stock-outs of reagents and delays in installation of supporting infrastructure (transformer and generator). Follow-up actions with the Ministry of Health and contracted suppliers are ongoing, but full utilization of the equipment has not yet been achieved. The Committee's recommendation is partially implemented, pending completion of installations, repairs, and consistent supply of reagents.

Query	Delayed delivery of drugs (Delays in drug Supply)
Audit Finding Examination of stores records revealed that management experienced delays in delivery of medicines and sundries to the hospital by National Medical Stores. Audit noted that the average delays in delivery of medicine in the financial year were 18 days with the worst days being 43 (1 month and 13 days) in Cycle 6. The Accounting Officer promised to continue engaging NMS to adhere to delivery schedules that they have published and given out to health facilities and not respond to this issue. **Observation** The committee observes that long lead-time affects the effective delivery of health care services to the patients due to the shortage of drugs it creates.	
Recommendation	
The committee recommends that the Accounting Officer should liaise with NMS with a view of addressing the cause of delays in medicine delivery to ensure timely delivery of drugs	
Action Status	
The Accounting Officer has engaged National Medical Stores (NMS) to address delays in medicine delivery. However, some delays persist, with reported lead times averaging 18 days and extreme delays of up to 43 days in certain cycles. The Committee's recommendation is partially implemented, pending full adherence by NMS to delivery schedules.	
Query	**Environmental pollution from the dysfunctional sewage system**
Audit Finding The Water Act, Cap 152 section 31, Prohibition of Pollution states that person commits an offence who, unless authorized under this Part of the Act causes or allows waste to encounter any water, waste to be discharged directly or indirectly into water and water to be polluted.	

The Water Act, Cap 152 Section 47 states the functions of water and sewerage authorities, Part C states that an authority shall provide and manage sewerage services as may be required by the declaration or performance contract.

Audit noted that during the year, National Water and Sewerage Corporation prepared a report on the sewerage system of the hospital. The report highlighted that there was blockage of the sewerage system by solid materials, sewage lagoons were overflowing into the nearby tributaries of River Onsu, and that there were non-biodegradable materials like pads, plastics and other hazardous solids in the lagoons. The report recommends urgent need for de-silting of sedimentation tank and re-aligning the impermeable layer among other recommendations.

During Audit Inspection, it was noted that the system had existed for 11 years but was not well maintained, making it dysfunctional. There was grass in the lagoons, the manholes on the sewerage lines were open allowing in solid materials into the system and so the system could not no longer filter sewage thereby contaminating the environment through smell and overflow of the lagoons into surroundings containing a water stream.

The Accounting Officer stated that maintenance of sewage system has been among the hospitals' unfunded priorities for a while and efforts are being made by hospital management to lobby for funds through MoFPED and other development partners, however, with the little resources they had, the hospital have initiated the process of desilting as they wait for appropriation of funds by parliament to carry out other phases of the project total cost is estimated at UGX.678Mn.

Observation

The committee observed that failure to maintain the sewerage system pollutes the environment, which may cause deadly diseases outbreaks.

Recommendation
The Accounting Officer should continue liaising with MOH to ensure that the sewerage system is rehabilitated and made functional to enhance a clean and health environment.
Action Status
The hospital has initiated desilting of the sewage system and continues to lobby MoFPED and development partners for funds to complete the rehabilitation project, estimated at UGX 678 million. The Committee's recommendation is in progress, with partial implementation noted as some phases of the rehabilitation await funding approval.

Query	**Encroachment on the hospital land**

Audit Finding

Section 45 of the Land Act, Cap 227, prohibits illegal occupation of government land and sets penalties for encroachment or unauthorized use.

During Inspection, Audit noted part of the hospital land had been encroached on by squatters who had established their homes on the lower side of the hospital. Also, a parking yard had been established on a piece of land for the hospital being used as parking for lorries.

The Accounting Officer explained that this matter was still in court waiting for the Locus visit by the Judge and dispose of the case

Observation

The committee observed laxity by Hospital management in safeguarding hospital land since the land in question is adjacent to the hospital, additionally, illegal occupations are gradual and could not have gone unnoticed. Illegal occupation of the hospital may lead to loss of government property.

Recommendation
The committee recommends that the Accounting Officer should be held liable for his laxity in protecting government property.

Accounting Officer should fence off hospital land and squatters should be forced to vacate the occupied land to avoid further encroachment.
Action Status
The matter is currently in court awaiting a locus visit by the Judge. The hospital management has not fenced off the land, and squatters remain on the property. The Committee's recommendation is partially implemented, with full compliance pending court resolution and proactive land protection measures by the Accounting Officer

Query	**Inadequate mortuary services**

Audit Finding

Audit noted that current mortuary is too small compared to the number of dead bodies handled. For instance, during the period under review, 1,362 deaths were recorded excluding bodies brought in from outside the hospital hence average deaths per day were 4 despite the size of the current mortuary.

An interview with the mortuary attendant revealed that at least onebody is received at the mortuary from police due to largely accidents in a month. It was also noted that there were delays to take such cases from the mortuary.

The Accounting Officer acknowledged the observation, explained that it has been on the hospital's unfunded priorities for a while, and promised to continue engaging the MoFPED and other stakeholders as per your recommendation

Observation

The committee observed that failure to properly store dead bodies undermines service delivery at the hospital.

Recommendation
The Accounting Officer should liaise with the Ministry of Health to ensure that a modern mortuary is constructed at the hospital for effective service delivery.
Action Status
The Accounting Officer continues to engage MoFPED and other stakeholders to fund a modern mortuary. The Committee's recommendation is in progress, pending construction and

operationalization of the facility.	
Query	**Dilapidated staff houses**
During Inspections, Audit noted that some staff houses were not fit accomadation as their too old and not maintained. The Accounting Officer attributed this to budget cuts, and this has affected its ability to renovate the houses The committee observed that old houses are a danger to employee's health which may affect service delivery	
Recommendation	
The Ministry of Health Accounting Officer should lobby funding from relevant stakeholders, so that the state of staff accommodation is improved.	
Action Status	
No renovations have been carried out due to budget constraints. The Accounting Officer continues to lobby for funding from MoH and other stakeholders. The Committee's recommendation is partially implemented, pending allocation of funds and renovation works.	
Query	**Other key findings from physical inspections**
Audit Finding Audit conducted physical inspection and revealed that there were other shoddy works for instance: Shoddy construction works at the New Oxygen plant building and culverts to the blood bank, old structures that needed decommissioning and Delay in providing medical services to patients. It was further established that there were visible cracks between the veranda and the wall and the wiring was not properly done as the machines use 3 phase wires which were not installed by the UPDF Engineering brigade who were the main contractors. The Accounting Officer stated that the construction of the oxygen plant project is under UPDF engineering Brigade, as per His Excellency's directive. Management shall notify them of the findings for corrective measures to be taken. On the delayed completion of the staff house, the hospital is short of funds and has taken all the necessary steps to lobby	

for additional funding for the completion of the project. However, the project stands at 76% completion.

Observation

The committee observed that Shoddy works result in loss of government revenue.

The UPDF Engendering brigade may not have all the capacity to implement government projects.

Recommendation

The Accounting Officer should coordinate follow-up on the above anomalies to ensure that they are all addressed and put right to improve delivery service at the hospital.

The Presidential directive to implement government construction exclusively using UPDF Engineering brigade should be reviewed to consider the capacity of the Brigade and open such projects for completion where there are capacity gaps in UPDG Brigade.

Action Status

Management has reported findings to the UPDF Engineering Brigade for corrective action. The oxygen plant and staff house projects are ongoing, with the staff house at 76% completion. The Committee's recommendations are in progress, contingent on corrective works by the UPDF Brigade and possible review of the exclusive implementation directive.

2.8 Entebbe Regional Referral Hospital

Query	Budget Performance

Audit Finding

The Hospital had a revised approved budget of UGX.11.93Bn out of which UGX.11.93Bn was warranted whereas UGX.9.52Bn was utilized by the close of the financial year leaving a balance of UGX.2.40Bn.

The unutilized funds were meant for Payment of salaries and Pensions Recruiting of staff.

The Accounting Officer attributed the under absorption to the ban on recruitment that was up to February, 2024, which

left 4 months to the end of the FY that was not adequate for a transparent recruitment process.

Observation

The committee observed that failure to recruit adequate staff negatively affects delivery of services due to the public.

Recommendation

The Accounting Officer should expedite the recruitment process in the proceeding with the Financial Year to address understaffing that is affecting services delivery.

Action Status

Management recruited several staff in the proceeding FY 2024/25 including ENT surgeon, ophthalmologist, anesthesiologists, among others and these have improved on the quality of services delivered.

Query	**Non-Implementation of the New Approved Structure**

Audit Finding

In a letter dated 9 March 2023 (Ref. MSD 135/306/02 Vol.66), the Permanent Secretary, Ministry of Public Service, issued the approved organizational structure for Regional Referral Hospitals for implementation within the available wage provisions for FY2022/23.

The audit revealed that, as at the time of audit, the approved structure had not been implemented. The audit established that the non-implementation arose from funding constraints specifically, insufficient wage provisions to fill the positions and close the gaps envisaged under the new structure.

Observation

a) The committee observed that non-implementation stems from policy– budget disconnect, where MoPS's approved structure was not in tandem in MoFPED's resource envelopes, undermining compliance and delaying the intended service-delivery gains
b) The committee further observed that continued implementation of outdated structure perpetuates staffing

gaps, misaligned roles, and outdated reporting structures which undermines quality assurance, service delivery, accountability, and performance management across the hospital.
Recommendation
The committee recommends that the Ministry of Public service should obtain commitment and assurances from the Ministry of Finance, Planning and economic Development regarding alignment of the Wage bill to the approved structure and the corresponding execution.
Action Status
ERRH has realized an increase in wage bill by 1,000,000 (one billion) that enabled improvement in the staffing level from 17% to 21% as per the new structure.

Query	**Under staffing**

Audit Finding

Audit revealed that, against an approved establishment of 566 positions, only 193 (34%) were filled, leaving 373 (66%) vacant including critical posts such as Hospital Director, Senior Consultant (Internal Medicine), and Senior Consultant (Pediatrics).

The Accounting Officer attributed the vacancy gap to a recruitment ban pending payroll verification however, this was lifted in February 2024, and noted that recruitment had since commenced to fill the existing vacant positions within the available wage envelope.

Observations

The committee observed that this level of understaffing overstretches the available workforce beyond capacity, heightens job-related stress, and negatively affects the quality and timeliness of health service delivery to the community.

The committee further observed that persistent gap points to weak coordination with MoPS/HSC and deficient wage/cash-flow planning, undermining compliance with the approved establishment and the vote's performance commitments.

Recommendation	
The committee recommends the AO should liaise with Ministry of finance and expedite the recruitment of critical staff in the new approved structure.	
Action Status	
Management has since lobbied MoFPED for wage enhancement and an additional 1,000,000 (one billion) has been realized in FY 2024/25. This has increased the number of much needed critical staff.	
Query	**Inspection of stores**

Audit Finding

Section 5 of EMHS 2018 requires health workers in charge of medical supplies to monitor and adhere to the storage conditions recommends by the manufacturer. It further stipulates that the two most important factors that affect the quality of medicines and supplies during transit and storage are temperature and humidity.

Auditor General inspected the stores to ascertain whether medicines and health supplies were stored in accordance with the storage conditions as recommended by the manufacturer and observed the following;

i) Storage space was not adequate
ii) Pallets were available but not adequate
iii) Some drugs were stored in the corridors
iv) Office consumables like stationery were also stored in the drug store
v) Newly delivered supplies did not have space to be stored in the stores

The Accounting Officer attributed this to inadequate space. He further explained that the hospital came up with an infrastructural development project that is before MoFPED which will improve on space including an additional drug store.

Observations

The committee observed that storage of medical supplies was in total contravention of Section 5 of EMHS 2018 and there is no assured funding for storage infrastructure.

Recommendation
The committee recommends the Accounting Officer should fast-track the new drug store project with MoFPED as the most viable avenue for storage infrastructure.
Action Status
Management has been liaising with MoFPED for fast tracing of the infrastructure improvement project currently at feasibility stage.

Query	Variance of supply of blood

Audit Finding

Section 12.3 of EMHS 2018 requires that blood be ordered routinely to ensure sufficient stock of supply in the health facility. Order quantities should be based on stock at hand and current demand or trend analysis with respect to clinical use in the respective facility.

Audit noted discrepancies between quantity ordered by the RRH and quantity delivered by Nakasero Blood bank. Out of 2,304 units ordered, only 1,238 units (54%) were delivered, leaving a shortfall of 1,066 units (46%) across key blood products such as whole blood, packed cells, platelets, and fresh frozen plasma.

The Accounting Officer attributed the shortages to inadequate national supply at Nakasero Blood Bank, which has necessitated rationing of blood products to health facilities.

Observation

The committee observed that these variances significantly increase the risk of stock-outs, which compromise the RRH's ability to provide critical and timely health services, particularly for emergencies, surgical operations, maternal care, and rationing/deferrals that compromise patient safety and service delivery

Recommendation
The committee recommends the Accounting Officer should come up with a blood donation strategy in consultation with Nakasero Blood Bank.
Action Status
Management engages with other stakeholders and invites Nakasero blood bank as and when there are opportunities i.e. during family health days.

Query	Presence of cold chain and inadequate transportation storage for blood
Audit Finding Audit noted that although the RRH had a functional designated blood refrigerator, it was insufficient for the required volumes. The transportation storage was inadequate, with only one old blood transport container available. Such gaps increase the risk of blood not being stored or transported under prescribed conditions, leading to deterioration or denaturing of blood products and impairing the hospital's ability to provide adequate transfusion services. The Accounting Officer attributed these deficiencies to limited funds to procure additional refrigerators and a new transport container. **Observation** The committee observes a gap in MoH policy implementation and oversight, standards exist but are not operationalized through enforceable minimum equipment requirements, funded replacement cycles, and routine compliance audits, leaving facilities without the redundancy and resources needed to meet the policy.	
Recommendation	
The Accounting Officer should liaise with MoFPED and MoH to budget for the procurement of additional blood transport containers.	
Action Status	
Management planned and budgeted for blood transportation containers during FY 2024/25. The blood transportation containers were procured and are being used to transport blood.	
Query	**Inadequate medical equipment**
Audit Finding Audit revealed material shortfalls in the minimum equipment complement: the RRH lacked 136 required items essential for safe and effective service delivery. These gaps constrain	

diagnostics and treatment capacity, delay care, increase referrals, and elevate patient-safety risk.
The Accounting Officer attributed the deficiency to limited retooling funds for equipment procurement.

Observation

The committee observed the deficit has immediate patient-safety and service-continuity risks delayed diagnostics/treatment, avoidable referrals, and reliance on sub-optimal workarounds undermining value for money and the hospital's mandate.

Recommendation

The committee recommends that the Accounting Officer should ring-fence funds in the AWP/procurement plan, adopt pooled procurement and leasing options where viable, and continue liaising with MoFPED and MoH to secure financing for the required equipment.

Action Status

Management allocated more fund for procurement of medical equipment for FY 2024/25. The following equipment was procured e.g. anesthesia machine, infant warmers, delivery beds, incubators among others. Under FY 2025/26, more funds have been earmarked to procure more medical equipment to address the shortage.

Query	**Inadequate qualified personnel to manage equipment**

The audit revealed that at the RRH only one staff member was designated to oversee the storage, distribution, and control of equipment and supplies, in addition to supervising the overall management of medical equipment. This severe understaffing overstretches the available staff beyond their capacity, creates job-related stress, and undermines the effective management and functionality of equipment, ultimately lowering the quality of healthcare service delivery.
The Accounting Officer attributed the gap to the ban on recruitment, which constrained the hospital from hiring additional qualified personnel to manage medical equipment.

Observation

The committee observed reliance on a single officer not only creates a bottleneck but also increases vulnerability to operational disruption if that staff member is unavailable.

Recommendation
The Accounting Officer should liaise with MoPS and MoFPED to align staffing levels with the approved standards, prioritizing the recruitment or redeployment of qualified technicians to resolve the recruitment gaps.
Action Status
Management has since recruited a biomedical engineer, assistant engineering Officers, coldchain technician, plant operators and electricians to manage the equipment.

Query	**Failure to repair medical equipment**

Audit Findings

Audit general discovered that the RRH had not repaired four critical items of medical equipment including the X-ray machine, baby warmers for premature babies, and autoclaves some of which had remained non- functional for over five years.

Although the hospital budgeted UGX 563.7 million for maintenance and repairs, only UGX 420 million (75%) was released and spent, which was inadequate to cover the required maintenance. The failure to repair essential equipment undermines diagnostic capacity, compromises patient care, and increases long-term costs by shortening the useful life of assets.

The Accounting Officer revealed that service contracts for key equipment such as the mobile X-ray machine and baby warmers had expired, affecting timely maintenance, while the Philips X-ray machine had been declared out of service pending disposal.

Observations

The committee observed this situation reveals a systemic weakness in contract management and policy enforcement between the MoH, service providers, and the facility, while also

underscoring a broader misalignment between budget releases,policy directives, and actual service delivery outcomes.
Recommendation
The Accounting Officer, in coordination with MoH and MoFPED, should ring-fence maintenance funds and enforce service contracts for critical equipment, ensuring timely repairs or replacement. A structured equipment maintenance and disposal framework should be established to align budget releases, policy directives, and service delivery requirements, thereby safeguarding diagnostic and neonatal care capacity.
Action Status
Management has allocated more funds under non-wage for maintenance of equipment. Additionally, service contracts have been renewed which are closely monitored by the newly recruited engineering team.

Query	**Damaged beyond repairand damage but repairable medical equipment.**

Audit Findings

The audit established that the RRH had 51 items of equipment damaged beyond repair and 120 items damaged but repairable (total 171) that were due for disposal and repair. However, the RRH had neither a budget provision nor a disposal plan for these assets during the financial year under review. Failure to dispose of obsolete equipment and repair serviceable one's clutters storage, compromises accountability, and denies patients access to functional equipment and is contrary to Paragraph 5.2 of the Operation Manual for Regional Medical Equipment Maintenance Workshops and the Medical Equipment Maintenance Guidelines provide that disposal is part of the procurement process and must be planned for, as the life cycle of equipment ends with disposal

The Accounting Officer explained that repairable equipment required additional funding beyond the hospital's current approved budget.

Observation

The committee observed a policy–practice gap in MoH's retooling and disposal framework, where outdated and obsolete equipment continue to occupy storage without being decommissioned, while repairable assets

remain idle due to underfunding. The situation undermines accountability, cluttering facilities, and denies patients access to essential services.

Recommendation

The committee recommends that the Accounting Officer should ring-fence funds for repair and disposal in the RRH procurement plan and concurrently develop and implement a disposal plan for equipment beyond

repair, in line with the Medical Equipment Maintenance Guidelines.

Action Status

Management has allocated funds and managed to repair several repairable equipment in FY 2024/25.

Plans are underway for disposal of the non-repairable equipment.

Query	**Improper storage of damaged equipment beyond repair and damaged but repairable medical equipment**

Audit Finding

The audit established that the RRH lacked a proper facility for storing damage beyond repair and repairable medical equipment. Instead, obsolete equipment was kept in torn tents without security or locks, leaving it exposed to harsh weather conditions, vandalism, and theft. This situation presents a risk of financial loss to Government through potential theft or vandalism, and exposes repairable equipment to further deterioration, thereby reducing their potential resale value or viability for repair.

The Accounting Officer attributed the weakness to limited development funds, which constrained the hospital's ability to establish a secure and permanent storage facility for obsolete equipment.

Observation

The committee observed a weak alignment between MoH's

medical equipment management guidelines and hospital- level infrastructure planning.

Recommendation

The Accounting Officer should engage MoFPED to secure funds to build a proper storage to house medical equipment as the vote makes plans for repair or disposal.

Action Status

WFP has since provided a tent for storage of damaged equipment beyond repair and damaged but repairable medical equipment.

Query	**Assessment of adequacy of RRH Waste disposal facilities**

Audit Finding

The audit established that the RRH did not fully comply with these standards, as several gaps were identified. The hospital lacked an ash pit on its premises, while the existing incinerator was non-functional due to the absence of a heat regulator, resulting in waste being burnt in open spaces. Although the placenta pit was present and functional, it was inadequate and not located adjacent to the ash pit as required. Furthermore, waste bins were insufficient in number, though those available were clean, well-maintained, and properly segregated between hazardous and non- hazardous waste.

The Accounting Officer explained that the incinerator sensor had been procured and was pending installation, while lack of an ash pit was attributed to limited funding.

Observation

The committee observed a serious gap in the implementation of national health care waste management policy at facility level.

Recommendation

The committee recommends that the Accounting Officer should expedite restoring the incinerator to full functionality and construct an ash pit within the hospital premises while, ensuring that waste disposal infrastructure is budgeted for in the next financial year.

Action Status

MoH has since engaged a service provider to manage the hazardous waste.

Query	**Inadequate disposal methods of medical waste**

Paragraph 7.2 of the Uganda National Infection Prevention and Control Guidelines (2013) prescribes the methods of disposal for various categories of health care waste. In addition, Regulation 51 of the National Environment (Waste) Regulations, S.I No.49 of 2020 requires all healthcare waste generators and authorized handlers to ensure safe disposal practices that protect human health and the environment in line with applicable laws.

The audit established that the RRH did not fully comply with these requirements. Specifically, infectious/clinical waste was being burnt in open spaces, contrary to the prescribed method of incineration, while laboratory waste was autoclaved before transportation to the incinerator. Sharps were disposed of in safety boxes and burnt as required, and anatomical waste was buried in designated pits in line with the standards.

The Accounting Officer attributed the findings to a faulty incinerator component that had affected its functionality.

Failure to dispose of medical waste as provided in the guidelines exposes health workers, patients, and the surrounding community to hazardous risks of infection,

thereby compromising quality of life and environmental safety.

Observations

The committee observed a serious gap in MoH policy coordination mechanism, implementation and enforcement, exposing staff, patients, and the surrounding community to hazardous infections and environmental risks, thereby undermining safe healthcare service delivery

Recommendation

The committee recommends the Accounting Officer should fast-track repair/replacement of the incinerator and, in the interim, liaise with MoH and NEMA for safe waste management alternatives to ensure compliance with national guidelines and safeguard public health.

Action Status

MoH has since engaged a service provider to manage the hazardous waste. The hospital no longer uses the incinerator as guided by the MoH policy which prohibits construction of new incinerators in hospitals.

Query	**Failure to undertake waste assessment**

Regulation 50 of the National Environment (Waste) Regulations, S.I. No. 49of2020 requires healthcare facilities and authorized waste handlers to undertake a waste assessment to characterize the biological and physio-chemical composition of healthcare waste.

The audit established that the RRH did not undertake a waste assessment during the year under review. As a result, the facility lacked the necessary data to develop a waste minimization plan and strategies for handling different types and volumes of healthcare waste as required by law.

The Accounting Officer attributed this lapse to an oversight and noted that the hospital would undertake the waste assessment in line with the regulations going forward.

Observation

The committee observed that failure to undertake waste assessment creates risks of inefficient handling, potential

environmental contamination, and heightened exposure of staff, patients, and communities to hazardous waste, undermining both public health and regulatory compliance.

Recommendation

The committee recommends that the Accounting Officer should prioritize conducting a comprehensive waste assessment and integrate its findings into a waste minimization and management plan to ensure compliance and safeguard public health.

Action Status

Management formed an IPC committee which is responsible for waste assessment and handling. Additionally, SOPs for waste management were developed and disseminated to all stakeholders

Query	**Lack of a comprehensive waste management plan**

Audit Finding

Section 6.1 of the Health Workers' Guide (Approaches to Health Care Waste Management, 2009) requires every healthcare facility to develop a comprehensive waste management plan as part of its overall strategic plan. The plan should be derived from the national framework, with a designated officer responsible for Health Care Waste Management, integrated within the Infection Control Committee, or in its absence, a waste management committee established to oversee implementation.

Audit noted that the RRH lacked a comprehensive waste management plan. Absence of such a plan denies the hospital structured guidelines for handling different categories of healthcare waste, thereby increasing the risk of poor segregation, unsafe disposal, and environmental pollution.

The Accounting Officer attributed this gap to an oversight, noting that the hospital would prioritize developing the plan going forward.

Observation

The committee observed that Lack of a comprehensive waste management plan exposes staff, patients, and the surrounding community to increased risks of infections, environmental pollution, and non-compliance with national standards.

Recommendation

The Accounting Officer should develop and implement a comprehensive waste management plan, aligned to the national framework, and designate a responsible officer/committee to ensure compliance and sustainability

Action Status

Comprehensive waste management SOPs were developed and disseminated to all stakeholders and compliance is monitored by the IPC Committee.

Query	**Non-operational ICU facility**

Audit Finding

Section 5.17.4 of the Health Sector Service Standards & Service Delivery Standards (2016) underscores that Regional Referral Hospitals must provide specialized services, including critical care, with adequate infrastructure, trained staff, and functional equipment. The audit established that although the RRH had been provided with five ICU beds and related equipment, the ICU ward remained non-operational.

As a result, patients requiring life-saving interventions were either left in general wards or referred elsewhere, heightening risks of deterioration and death. Furthermore, the idle ICU equipment represents a waste of government investment within the health sector.

The Accounting Officer attributed this to the failure by the Health Service Commission to recruit critical care nursing staff to work in ICU which has affected the operationalization of the ICU.

Observation

The committee observed a misalignment between infrastructure investment by MoH and staffing functions under the Health Service Commission (HSC)

Recommendation

The committee recommends that the Accounting Officer should liaise with the Ministry of Health and the Health Service Commission to track the recruitment and deployment of critical care staff, while also ensuring that the ICU equipment provided is serviced, tested, and fully operationalized.

Action Status

ERRH ICU is now functional, and an anesthesiologist was recruited to functionalize the unit. The ICU Equipment routinely serviced and maintained

Query	**Delay in the completion of construction and functionalization of second oxygen plant.**

Audit Finding

The National Scale-up of Medical Oxygen Implementation Plan (2018–2022) requires MoH to ensure an optimal oxygen supply model through increased manufacturing capacity, dedicated procurement and distribution, maintenance systems, and effective coordination. The audit revealed that although the UPDF Engineers Brigade constructed an oxygen plant facility at UGX 554,933,744 and delivered it in May 2023, and MoH supplied the plant parts in the same period, the plant remained non-operational 18 months later. Crown Healthcare was contracted to install the plant, but no installation has been done. In addition, UPDF did not complete key works such as paving access ways, while the power station area had been irregularly converted into a dining space for staff. The non- operationalization of the oxygen plant exposes the RRH and its six catchment districts to oxygen shortages, undermines medical procedures, and risks deterioration of idle equipment, resulting in financial loss to government.

The Accounting Officer attributed the delays to MoH, noting that MoH has rolled out a program to operate the plant.

Observations

The committee observed MoH's failure to synchronize construction and delivery of equipment, and installation contracts under a single coordinated framework.

Recommendation

The Accounting Officer should liaise with MoH to ensure immediate operationalization of the oxygen plant, while MoH strengthens its project management framework to align construction, delivery, and installation contracts, including enforcing timely handover of completed works to avoid idle equipment and wasted investment.

Action Status

The construction of the second oxygen plant was completed and commissioned in January 2025.

Query	**Lack of staff accommodation on hospital premises**

Audit revealed that unlike other Regional Referral Hospitals, Entebbe RRH did not provide staff accommodation for emergency responders or medical staff on night duty. The existing accommodation structure on the premises was dilapidated and could only house a few medical interns, leaving most staff without accommodation during emergency situations. This poses a risk of delayed response to emergencies and exposes staff rushing from outside the hospital to potential danger.

The Accounting Officer attributed the gap to limited funding and delays in approval of the Entebbe Hospital infrastructural improvement project by the Development Committee at MoFPED.

Observations

The committee observed a weakness in MoH and MoFPED coordination and prioritization, where infrastructure

investments are not given timely consideration. This was evidenced by delays in approval of the Entebbe Hospital infrastructural improvement project by the Development Committee at MoFPED.

Recommendation

The committee recommends the Accounting Officer should liaise with MoH and MoFPED to prioritize approval and secure funding for construction of staff accommodation under the hospital's infrastructure improvement plan.

Action Status

Management has continued to pursue the approval of the infrastructure improvement project which is at the feasibility stage and awaits approval of the Development Committee (DC) of MoFPED.

Query	**Dilapidated structure of Grade A**

Audit Finding

The Ministry of Health Engineering and Physical Planning Department declared the Grade A hospital block unfit for human occupation due to its dilapidated condition, characterized by collapsing structures, broken plumbing, and obsolete electrical components that were beyond repair.

This deterioration reduced the bed capacity available to the public at the Regional Referral Hospital and disrupted critical services that had previously been offered at the block, including the diabetic clinic and the mental disabilities clinic.

With no permanent placement for these services within the hospital, patients suffering from diabetes and mental illnesses are now forced to seek care on the already congested Grade B campus or outside the facility, further straining the hospital's service delivery.

The Accounting Officer attributed this to limited capital development funding by MoFPED and the delayed approval of the Grade A reconstruction project by the Development Committee at MoFPED.

Observations The committee observed that MoFPED has undermined the continuity of essential services, exposing patients to compromised care and increasing the burden on already strained facilities by delays in approving the project and releasing capital development funds.	
Recommendation	
MoFPED should prioritize health sector infrastructure projects by expediting the approval and release of capital development funds for critical hospital facilities.	
Action Status	
Management developed an infrastructural improvement project to improve facilities at both grade A and grade B the infrastructural improvement project is currently a feasibility stage and waits approval of the Development Committee of MoFPED.	
Query	**Lack of progress in the upgrading of Grade A hospital into a specialized hospital**
Audit Finding Audit reviewed a letter by the PSST (ref. PAP 141/348/02, dated 27th October 2023) addressed to the Accounting Officers of the Ministry of Health and Entebbe Regional Referral Hospital, which raised concern over the delayed and stagnated Grade A project in the Integrated Bank of Projects (IBP). The PSST noted that the technical team had taken no action during preparation and appraisal at the standard user level, leaving the project at risk of being exited from the IBP data bank, where it had already remained dormant for over three years. The Audit further noted that the MoH Infrastructure Division last inspected the project site in June 2023, 17 months after the previous visit without any follow-up. Hospital management also confirmed that a potential funder had expressed interest and engaged MoH and MoFPED on financing the project. Failure to implement the project, however, poses the risk of losing this funding opportunity and removal from the IBP	

The Accounting Officer explained that the Grade A project remains at the Pre-feasibility stage, pending approval by the Development Committee at MoFPED to proceed to the feasibility stage.

Observations

The committee observed that Grade A Specialized Hospital project has stagnated for over three years due to inaction by the Ministry of Health in providing timely technical oversight and delays by MoFPED in approving the project at the Development committee stage.

Recommendation

The committee recommends that the Accounting Officer should liaise with the Ministry of Health and MoFPED to track the appraisal and approval of the Grade A Specialized Hospital project in the Development Committee, while ensuring MoH provides continuous technical oversight and follow-up. The committee further recommends that MoFPED should prioritize health sector projects of strategic importance to avoid loss of potential external funding and ensure timely implementation.

Action Status

Management has been liaising with MoFPED and MoH on the approval of Grade A specialized project and improvement of infrastructure at Grade B. the process is at the final stage of approval by the DC of MoFPED.

Query	**Lack of storage space for equipment**

Audit Finding

The Auditor General revealed that some inpatient wards, including the tuberculosis ward, had been converted into storage space for medical supplies and equipment due to the absence of a designated storage facility in the Isolation Unit. Additionally, other supplies and equipment were kept in tents within the hospital compound, exposing them to risks of theft and damage from unfavorable weather conditions.

This lack of proper storage not only reduced the available

inpatient service capacity but also forced premature discharges of patients suffering from infectious diseases such as tuberculosis, thereby exposing the wider community to significant public health risks.

The Accounting Officer attributed this to the closure of WHO stores in Nalukolongo, which had previously accommodated emergency supplies, noting that the Ministry of Health consequently designated part of the Isolation Unit as a makeshift storage facility.

Observation

The committee observed inaction by the Ministry of Health to provide a permanent, secure storage facility not only weakened hospital capacity but also directly exposed the community to heightened health risks and the government to financial losses.

Recommendation
The Hospital should construct a storage space for equipment for emergency supplies and equipment to free the RRH in-patient rooms for in-patient services.
Action Status
Management has temporarily secured two 40ft containers for storage of emergency supplies and equipment.

Query	**Lack of incinerator on premises**

Audit Finding

The audit established that the facility lacked an incinerator to safely dispose of biomedical waste, which is highly infectious if not carefully managed. In the absence of an incinerator, medical waste was burnt in open spaces within the hospital compound. This practice was particularly concerning because the waste included materials from patients with highly contagious viral diseases, meaning that open burning released pathogens directly into the surrounding environment. The absence of proper incineration facilities not only exposed patients, staff, and the wider community to significant public health risks, but also increased the likelihood of accidental fires spreading to

nearby structures and residential areas. Such fires could cause extensive damage and result in financial loss to government.

The Accounting Officer attributed the situation to inadequate funding, which has hindered the procurement of an incinerator for the facility.

Observations

The committee observes the practice of burning infectious medical waste in open spaces in direct contravention of Regulation 51 of the National Environment (Waste Management) Regulations, S.I. No.49 of 2020, which require healthcare waste to be managed in a manner that safeguards human health and the environment.

Recommendation

The committee recommends the Accounting Officer should engage MoFPED and MoH to secure adequate funds to procure an incinerator for the facility.

Action Status

The hospital no longer uses the incinerator as guided by the MoH policy which prohibits construction of new incinerators in hospitals.

2.9 Jinja Regional Referral Hospital

Query	Budget Performance

Audit Finding

The entity had a revised approved budget of UGX.23.62Bn out of which UGX.23.44Bn was warranted whereas UGX.19.66Bn was utilized by the close of the financial year leaving a balance of UGX.3.79Bn.

The Accounting Officer attributed the underutilization to incomplete recruitment of staff mainly due to the bureaucracy in the recruitment process despite timely submission of request for clearance to recruit MOPS. The Accounting Officer further explained that underutilization for pension and gratuity was due to government decision to

abolish certain positions like Nursing Assistants which had been budgeted for under pension and gratuity.
Recommendation
The committee concurs with Auditor General's recommendation that the Accounting Officer should engage the relevant authorities to expedite the recruitment process. The Accounting Officer should use the verified payroll as a basis of updating monthly payrolls for paying employee emoluments
Action Status
The hospital made several submissions to the Ministry of Public Service for clearance. Health Service Commission conducted Interviews and recruited staff for a number of positions. The recruited staff were deployed and have since accessed payroll. Communication has been made requesting for additional wage for recruitment of additional staff as per the recruitment plan for F/Y 2025-2026 The Entity uses verified payroll as a basis of processing staff emoluments.

Query	**Inadequate Budgeting for Utility arrears**
Audit Finding The audit revealed a severe failure in the hospital's budgeting for domestic arrears, which violates Section 13(10)(a)(iv) of the Public Finance Management Act (PFMA) and Paragraph 50 of the Budget Execution Circular 2023/2024. The audit established that out of UGX 3.46 billion in verified domestic arrears, only UGX 0.167 billion, or 5%, was budgeted for, leaving a staggering 95% (UGX 3.29 billion) un-budgeted. Of the small amount that was budgeted, only UGX 0.080 billion was paid. The Accounting Officer attributed the high arrears to an old water and sewage system prone to bursts and leakages, as well as the high utility costs from running two separate	

campuses. The Accounting Officer further explained that they had engaged the National Water and Sewerage Corporation to assess for illegal connections and leakages.

Observations

The committee observed a direct violation of both the Public Finance Management Act (PFMA) and the Budget Execution Circular 2023/2024, which require the prompt clearance of fixed costs and a profound failure in financial governance on the part of the Accounting Officer.

Recommendation

The Accounting Officer immediately develop a realistic budget for all outstanding domestic arrears and fast-track engagement with the MoFPED to ensure those arrears are paid.

The Accounting Officer fast-tracks the engagement process with the NWSC to conduct a comprehensive technical assessment of the hospital's water and sewage systems.

Action Status

MoFPED released a supplementary budget to Jinja Regional Referral Hospital Vote 407 totaling to 4Bn specifically for domestic arrears for utilities (F/Y 2024/2025). In the budget for F/Y 2025/2026 more money was allocated under utilities.

Management communicated to the General manager NWSC requesting for a comprehensive assessment of water utilization in the hospital. A report was forwarded to the hospital with recommendations. The recommendations of the report were implemented.

Query	**Delays in clearing long outstanding domestic arrears**

The audit revealed that the hospital has not paid long-outstanding domestic arrears amounting to UGX 0.353 billion, with invoices dating as far back as 2018, 2019, and 2020. This is a direct violation of best practices, which require that a vote settle older arrears before paying current bills. This failure to conduct a proper aging analysis and

prioritize payment has left a significant amount of debt unpaid.

The Accounting Officer explained that the arrears have been uploaded onto the IFMS for recognition by the MoFPED, and that communication has been made to the PSST.

Observations

The committee observed non-payment of UGX 0.353 billion in domestic

arrears, with some debts dating as far back as 2018, which exposes the hospital to possible loss of funds due to litigations by service providers.

Recommendation
The Accounting Officer immediately develop a debt repayment plan that prioritizes the oldest arrears and fast-track engagement with the PSST to ensure those funds are released.
Action Status
The aging analysis/ schedule for domestic arrears was developed depending on the time of accrual and submitted to PSST. The Entity waits for the release of funds for implementation.

Query	**Outstanding water bills**

Audit Finding

Audit noted that the outstanding water bill for the hospital increased from UGX.2.12Bn in FY 2022/2023 to UGX.3.80Bn at the end of FYR 2023/2024 implying 76% increase. This is contrary to Section 10.15.3 of the Treasury Instructions 2017 and Section 10.15.3 of the Treasury Instructions 2017.

The Accounting Officer attributed the high costs to an old water and sewage system prone to bursts and leakages. The Accounting Officer further explained that the NWSC had taken steps to address unauthorized consumption and leakages through various administrative actions.

Observations

The committee observed that the persistent increase in water bills distorts the operations of the hospital in case of disconnections, which endanger the lives of patients and refrigerated medical supplies.

Recommendation

The committee recommends MOFPED should provide funds to fully settle the hospital's outstanding water bills.

The Accounting Officer should ensure that all illegal connections to the hospital water system are halted and leakages are blocked.

Action Status

The Entity will continue lobbying MoFPED to release domestic arrears to offset the outstanding water bills.

Management controls were put in place to stop all water leakages in the hospital. Staff were sensitized to reporting to management any spotted leakages.

The report from NWSC did not find any illegal connections to hospital water line.

Query	**Understaffing**

A review of the approved staff structure against the actual staff list established a critical staffing shortage. The audit established that only 389 out of the approved 1,269 staff positions were filled, representing a vacant rate of 69% (880 positions).

The Accounting Officer explained that the Health Service Commission recruits on a replacement basis and that recruitment to fill the other positions will commence once a government-wide freeze on hiring is lifted.

Observations

The committee observed the magnitude of the staffing gap presents a significant and potential risk of a compromised service delivery.

Recommendation	
The committee recommends the Accounting Officer should formally appeal to the Health Service Commission and the Ministry of Public Service for an exemption from the hiring freeze and for MoFPED to allocate funds for hiring to enable the urgent recruitment of staff for critically vacant positions.	
Action Status	
The ban on recruitment of Health workers was lifted and submission for recruitment was done to MoPS and cleared. Health service commission recruited the critical staff and Ministry of Health deployed them and already accessed the payroll.	
Query	**Budgeted activities for which no funds were released**
Audit Finding Audit established that the hospital's budget experienced a shortfall of UGX 0.178 billion, representing a 1% unwarranted. The total approved budget was UGX 23.624 billion, but only UGX 23.445 billion was warranted. Audit further revealed that this unfunded amount was intended for medical supplies and services for the private wing, and as a result, the hospital was unable to provide these services as planned. The Accounting Officer attributed the shortfall to limited funding for the private wing. The Accounting Officer further explained that management had engaged with MoFPED and requested additional funding, but the funds had not yet been released. **Observations** The committee observed the Ministry of Finance's failure to warrant the full approved budget resulted in a UGX 0.178 billion funding gap that directly impaired the hospital's ability to procure essential supplies and deliver planned medical services for its private wing.	

Recommendation
The committee recommends the Accounting Officer should intensify engagement with the Ministry of Finance, Planning, and Economic Development to secure the release of the outstanding funds and advocate for the full warranting of approved budgets in future financial years to prevent service delivery disruptions.
Action Status
MoFPED revised upwards the budget ceiling for Non-tax Revenue specifically for procurement of medicines and sundries for private wing. Management commits to engage MoFPED to fully release and warrant funds in the approved budget.
Query | **Missing stock cards in the main store**
Audit Finding The audit revealed that the hospital is failing to maintain proper stock records for drugs and sundries, which is a direct violation of Part 5 of the Medicines and Health Supplies Manual, 2012. The audit established that stock cards for several sampled drugs, including Ceftriaxone, Diclofenac, and Meropenem, were missing for the period between July 1, 2023, and December 31, 2023, making it impossible to verify the opening balances. The Accounting Officer attributed this to understaffing in the stores, which made it difficult to regularly update the stock cards. The Accounting Officer noted that two additional staff members have since been posted to the stores to help address the issue. **Observations** The committee observed a direct violation of the Medicines and Health Supplies Manual 2012, has rendered drug balances unverifiable and exposed valuable medical supplies to a high risk of undetected loss, theft, or expiry.

Recommendation
The Accounting Officer must ensure the newly assigned staff reconstruct all missing stock records and implement a system of regular supervision to guarantee consistent and accurate inventory management in compliance with the established regulations.
Action Status
MoFPED deployed additional staff in the main store to reduce the work load.With the introduction of Electronic Medical Records (EMR), the hospital main store has been fully digitalized, and all orders are made electronically.
Query | **Inconsistencies in stock at hand**
The audit revealed in a sample of nine drugs and sundries material inconsistencies between the recorded closing balances on the stock cards and the actual quantities physically counted. The audit established variances for three items, including an excess of 65 vials of Insulin Mixtard, an excess of 200 infusions of Metronidazole, and a shortage of 47 pairs of sterile surgeon gloves. These discrepancies indicate weaknesses in inventory control and record-keeping processes. The Accounting Officer attributed the inconsistencies to the practice of ordering drugs before scheduled clinic days and an error in the system settings for some sundries that complicated the regular updating of stock cards. The Accounting Officer that management would implement a corrective measure whereby orders for drugs shall be made and issued on the same day as the clinic. **Observations** The committee observed weakness in internal controls over inventory management, exposing the facility to risks of stockouts, financial loss, and potential mismanagement of essential medical supplies.
Recommendation
The Accounting Officer immediately strengthens inventory control procedures by implementing a mandatory cycle counting program and rectifying all system setting errors to ensure stock cards are updated in real-time and accurately reflect all transactions.

Action Status
Digitalization (EMR) has solved the problem of inconsistences in stock management in both main store and pharmacy as records are updated instantly.

Query	**Medical equipment maintenance budget not based on actual needs**

Audit Finding

The audit revealed that the hospital's budget for medical equipment maintenance is not based on its actual needs but rather on budget ceilings and indicative planning figures provided by the MoFPED. This is a direct violation of Section 5.17 of the Health Sector Service standards & Service delivery standards, 2016, which requires medical equipment to be properly maintained. The audit established that this approach hinders the Hospital Administrator and the Regional Workshop Manager from fulfilling their responsibilities to maintain medical equipment in the region, as mandated by Chapter 2.5 of the National Medical Equipment Policy 2009.

The Accounting Officer acknowledged that the budget estimates were not based on need and explained that provisions for unfunded priorities had been made using donor partners.

Observations

The committee observed this practice of budgeting for equipment maintenance based on arbitrary Ministry of Finance ceilings, rather than a proper needs assessment, directly contravenes national health policies and standards, thereby hindering the upkeep and operational readiness of critical medical equipment.

Recommendation
The committee recommends the Accounting Officer prepare a detailed, costed annual maintenance plan based on a thorough needs assessment to formally justify an adequate budget allocation from the Ministry of Finance, ensuring compliance and the sustained functionality of medical equipment.

Action Status	
Health infrastructure department of Ministry of Health came up with a standard budget for all medical equipment maintenance workshops in all Regional Referral Hospitals. Jinja Regional Referral Hospital revised the budget for maintenance workshop and superseded the recommended budget by MOH. Management through the hospital board resolved and communicated to all districts to plan and budget for medical spare parts in their respective budgets. This will solve the problem of insufficient budget for maintenance workshop.	
Query	**Lack of comprehensive information about medical equipment inventory.**

Audit Finding

Audit revealed a severe lack of comprehensive information in the hospital's medical equipment inventory, which violates Section 4.1 of the operation manual for regional Medical Equipment Maintenance Workshops 2013. The audit established that the available equipment schedules were missing crucial details such as model number, date of manufacture, common errors, maintenance timeframes, and acquisition details.

The Accounting Officer explained that while a system for medical inventory management, Nomad, is in place, some equipment, particularly older or donated items, lacked the necessary information to be fully entered into the system. This failure to maintain an up-to-date and comprehensive inventory makes it difficult to track and manage the hospital's assets effectively.

Observations

The committee observed the hospital's failure to maintain a complete medical equipment inventory with critical details like model numbers and maintenance schedules, in direct violation of the 2013 workshop operation manual, severely

compromises asset tracking, accountability, and maintenance planning.
Recommendation
The committee recommends the Accounting Officer must conduct a comprehensive physical verification and data collection exercise for all medical equipment, including older and donated items, to fully update the Nomad inventory system and ensure compliance with operational standards.
Action Status
The Nomads Inventory System was updated and more staff were assigned responsibilities (User rights) in the Nomads system. Standard operating procedures for medical equipment's was developed and donated equipment's without serial numbers were given unique identifiers to enable then entered in the Nomads System.

Query	**Un Engraved medical equipment**

Audit Finding

Mandates that each Regional Workshop (RW) maintain a computerized medical equipment inventory database, with a reference number engraved on each equipment to facilitate tracking and maintenance.

Audit established a significant failure to comply with this requirement. The audit revealed that out of 876 equipment listed in the hospital's medical equipment register, only 291 (33%) were engraved, leaving 585 (67%) without a unique identification mark. This high percentage of unengraved equipment was attributed to the lack of a heavy-duty engraving machine in the regional workshop or bio-medical unit, which is essential for marking high-precision instruments.

The Accounting Officer explained that the two existing engraving machines have insufficient capacity for this task and that management has allocated funds for the procurement of a heavy-duty engraving machine in the subsequent financial year. Failure to uniquely identify Entity's assets through engraving is contrary to Section 7.7 of the Operational Manual

for Regional Medical Equipment Maintenance Workshops (2013).

Observations

The committee observed a critical gap in asset identification, control and maintenance tracking, exposing a substantial portion of the hospital's medical assets to potential loss, misappropriation, and inefficient maintenance management

Recommendation

The Accounting Officer fast track the procurement and deployment of a heavy-duty engraving machine to ensure full compliance with asset management regulations and implement a strict timeline to complete the engraving of all medical equipment.

Action Status

A heavy-duty engraving machine was procured to engrave all the medical equipment, furniture and fixtures and all other assets in the hospital.

Query	**Status of medical equipment**

Audit Finding

The audit revealed a severe issue with the hospital's medical equipment inventory, with key equipment, including a fixed x-ray machine, an anesthetic machine, and sonography equipment, being missing or non- functional. A review of the hospital's biomedical reports also established that 52 out of 206 sampled pieces of equipment were not in good condition and therefore not in use.

The Accounting Officer explained that the radiology unit had decommissioned its old x-ray machine, and a license was secured to use a portable mobile machine. Additionally, an agreement with Jinja City was in place to repair one of the anesthetic machines. However, the Accounting Officer stated that the hospital's budget for medical equipment is inadequate, as it must cover 11 districts and the city. The hospital has since entered into partnerships with private donor agencies to help procure some spare parts.

Observations

The committee observed a severe breakdown in asset management stemming from an inadequate maintenance budget, which compromises the hospital's ability to deliver essential health services across its vast catchment area.

Recommendation

The Accounting Officer must conduct a comprehensive needs assessment to develop a costed equipment maintenance and replacement plan, using this evidence to formally lobby the Ministry of Health and MoFPED for an adequate, ring-fenced budget that reflects the hospital's regional mandate.

Action Status

The development of costed medical equipment and maintenance plan is ongoing approval processed.

Management commits to base on that plan to lobby for additional budget from MoFPED towards medical equipment maintenance.

Query	**Lack of inventory records for equipment in the maintenance workshop and equipment spare parts**

Audit Finding

The audit revealed significant non-compliance with these regulations. The audit established that spare parts removed from serviced medical equipment were stored in the regional workshop without any records documenting their origin, condition, or disposition recommendations. Furthermore, inspections confirmed a complete absence of proper inventory records for medical equipment awaiting maintenance in the biomedical store, including critical details such as station of origin, date received, current value, and maintenance requirements. The audit also noted that the workshop store lacked any inventory records for new spare parts and equipment accessories.

The Accounting Officer attributed this control failure to a lack of monitoring mechanisms by management and explained that a functional finance and development committee had been formed to review quarterly reports from the medical equipment workshop.

Observations

The committee observed this deficiency has resulted in unaccounted-for assets, missing maintenance histories, and an inability to track equipment origin, condition, or value, exposing the hospital to significant risks of loss, misuse, and operational inefficiencies in medical equipment management.

Recommendation

The committee recommends the Accounting Officer immediately implement a comprehensive inventory management system compliant with Section.

5.1.3 of the Operational Manual, including the introduction of stock cards,

stores requisition forms, and monthly stocktaking for all equipment and spare parts in the regional workshop.

Action Status

Medical equipment maintenance workshop has fully embraced the use of Nomads system which tracks stock at hand, requisitioning and monthly stock taking.

Query	**Inadequate workshop tools and test equipment**

Audit Finding

The audit revealed that the hospital's maintenance workshop has an inadequate supply of tools and test equipment, which violates Section 7.7.6 and Annex 2 of the Operational Manual for regional Medical Equipment

Maintenance Workshops 2013. The audit further established that key items, such as electronics and plumbing

tool kits, were either missing or insufficient, which hinders the workshop's ability to properly check and repair medical equipment.
During an interaction with the committee, the Accounting Officer explained that at the time of the inspection, the workshop was indeed inadequately equipped, but a donor partner, ENABLE, has since provided new tool kits, welding machines, and protective gear, which are currently in use.

Observations
The committee observed a contravention of the 2013 Operational Manual, impaired critical maintenance activities until an external donor intervention rectified the immediate shortfall.

Recommendation

The Accounting Officer must establish a formal budget line and procurement plan for the regular maintenance and replacement of workshop tools to ensure self-sufficiency and prevent future disruptions to equipment repairs.

Action Status

Maintenance workshop has a specific budget and work plans where funds are allocated every quarter to procure medical spare parts for maintenance of medical equipment in the hospital and in the region.

Enabel, one of the implementing partners, is supplementing on maintenance budget by procuring medical spare parts to maintain medical equipment's in the region.

Query	**Delayed disposal and repair of other non-functional assets (Washing machine)**

Audit Finding

The audit revealed a significant failure in the management of the hospital's assets, as a washing machine has been non-functional since 2022, and a second one needs repair. The audit established that no action has been taken by management to either repair or dispose of these non-functional machines.

The Accounting Officer explained that a board of survey was conducted at the end of the 2023/2024 financial year to guide the disposal process. He further stated that a black store had been constructed to house all unserviceable assets awaiting disposal.

Observations

The committee observed a lapse in asset management that compromises critical laundry services and infection control.

Recommendation
The Accounting Officer should expedite the disposal process as guided by the recent board of surveys and establish a proactive maintenance and replacement schedule to prevent future delays in addressing non-functional critical assets.
Action Status
Based on the board of survey report for F/Y 2024/2025, a number of unserviceable items were recommended for disposal. The Accounting Officer submitted to Procurement and Disposal Unit to guide on the methods of disposal and to kick start the process.

Query	**Lack of a maintenance contract for the newly acquired CT scan**

Audit Finding

The audit revealed a significant gap in the management of a newly acquired CT scan machine. The hospital lacked a copy of a maintenance contract for the CT scanner received in October 2022, which is a direct violation of Section 5.3.3 of the Operational Manual for regional Medical Equipment Maintenance Workshops 2013. This manual recommends that maintenance contracts be established along with the procurement of sophisticated equipment to ensure its safety and performance.

The Accounting Officer explained that the Ministry of Health informed management that the CT scanner came with a two-year maintenance warranty, which is still active. Once the

warranty expires, the MoH will sign a separate maintenance contract and provide a copy to the hospital.

Observations

The committee observed a failure to possess a maintenance contract or official warranty document for the new CT scanner, in violation of the 2013 Operational Manual, creates a significant risk to the machine's sustained operation by leaving management without formal recourse in the event of a breakdown.

Recommendation

The Accounting Officer must immediately and formally request a copy of the active maintenance warranty from the Ministry of Health and proactively follow up to ensure a new service contract is secured before the current warranty expires.

Action Status

MOH extended the contract for the service provider (ELSMED) to service and repair the CT Scan.

The service provider routinely maintains and services the CT Scan

Query	**Lack of a private wing budget**

Audit Finding

Audit noted that the private wing did not have documentary evidence of the approved budget estimates to support the budget figure presented in the financial reports and how the total budget was arrived at. This was contrary to Section 4.3.1 of the guidelines for management of private wings of health units, 2010.

The Accounting Officer explained that MoFPED had not provided a separate code for the private wing, forcing its budget to be integrated with the main hospital's non-wage recurrent budget. He further noted that management had engaged with MoFPED to request a specific code for Non-Tax Revenue from the private wing.

Observations

The committee observed failure to maintain a separate, approved budget for the private wing, a direct violation of the 2010 management guidelines, stems from the absence of a dedicated Ministry of Finance code and critically undermines the financial transparency and accountability of the wing's operations.

Recommendation

The Accounting Officer must aggressively follow up with the Ministry of Finance to secure a separate budget code while, in the interim, implementing a detailed internal ledger system to distinctly track all private wing revenues and expenditures for accountability.

Action Status

Management commits to follow-up with MoFPED the matter of a separate budget code for private wing.

In the meantime, management took the advice of the Public Accounts Committee of using internal ledger system to track private wing revenue and expenditure.

Query	**Non-functional Health Management Information System**

Audit Finding

The audit revealed a direct violation of Section 6 of the Guidelines for Management of Private Wings of Health Units, 2010, as the private wing's Health Management Information System (HMIS) is non-functional. The audit established that a system procured in 2021 at a cost of UGX 17,695,000 from Rootless Technologies Ltd. is still not in use, forcing the wing to continue with manual registration and billing of patients. The Accounting Officer explained that an assessment by IT officers revealed that the system's non-functionality was due to issues that required the networking of the entire building and the procurement of new computers.

Observations

The committee observed a failure to operationalize a UGX 17.7 million Health Management Information System

procured in 2021, a direct violation of the Private Wing Guidelines, represents a significant waste of public funds and highlights a flawed procurement process that overlooked critical infrastructure requirements.

Recommendation

The Accounting Officer should develop a costed plan to procure the necessary network infrastructure and computers and submit to MoFPED to make the system functional and concurrently implement a mandatory technical needs assessment for all future IT procurements to prevent recurrence.

Action Status

The networking of HMIS in private wing has been completed. The hospital is now in the process of acquiring the software and Hardware. This will fully functionalize HMIS usage in the private wing.

Query	**Failure to hold monthly meetings by the Private wing committee**

Audit Finding

The audit revealed a direct violation of Paragraph 3 of Section 4.1 of the Guidelines for Management of Private Wings of Health Units, 2010, as the Private Wing Committee failed to meet as required. Instead of holding 12 monthly meetings, the committee only sat three times during the year to discuss the effective management and operation of the private wing.

The Accounting Officer explained that a new committee had been reconstructed to meet on a monthly basis. However, the Accounting Officer also indicated that financial constraints may prevent the meetings from taking place every month as required.

Observations

The committee observed a direct violation of the 2010 Guidelines, has created a severe governance gap, with the Accounting Officer's claim of financial constraints indicating a failure to prioritize essential oversight functions.

Recommendation
The committee recommends the Accounting Officer must ensure the newly reconstituted committee adheres strictly to its monthly schedule by integrating the associated costs into the private wing's core operational budget as a non-negotiable governance expense.
Action Status
The private wing committee developed a schedule of meetings and the meetings are held monthly.
Query | **Understaffing of the private wing**
Audit Finding The audit revealed a direct violation of Section 4.2.1 of the Guidelines for Management of Private Wings of Health Units, 2010, as the private wing is understaffed. The audit established that the wing only has a total of six staff members: two medical doctors, two midwives enrolled, and two enrolled nurses. The Accounting Officer explained that a lack of funding has hindered the recruitment of more employees but noted that ten additional staff members from the government payroll have been deployed to the private wing to bridge the staffing gap. **Observations** The committee observed inadequate staffing results in heavy workloads and exploitation of existing staff and creates job related stress that negatively affects the quality-of-service delivery in the private wing.
Recommendation
The Accounting Officer engages with MoFPED to provide funds to recruit more staff and HSC to deploy more staff at the hospital.
Action Status
Two additional staff (Nurses) were deployed in private wing. Management is in the process of recruiting two anesthetic officers to increase on the staffing in the private wing.

Query	Low Private Wing Salary Scales
Audit Finding The audit revealed that the hospital's private wing is in direct violation of Section 4.2.1 of the Guidelines for Management of Private Wings of Health Units, 2010, as staff salaries have been fixed for a long time and have not been adjusted to reflect government salary scale changes. This failure to appropriately compensate and motivate staff is a serious concern. The Accounting Officer explained that the private wing operates on a business model, where salary increases are dependent on revenue. He stated that management will make a final decision on salaries for the next financial year based on the advice of the Private Wing Committee. **Observations** The committee observed the private wing's failure to adjust staff salaries in line with government scales, a direct violation of the 2010 Guidelines, serves as a significant demotivator for staff, with management's reliance on a revenue-dependent "business model" overriding its regulatory obligations for fair compensation.	
Recommendation	
The Accounting Officer should ensure that the salaries for private wing staff are aligned to the GOU salary structure to avoid demotivation of workers and loss of the already experienced medical workers.	
Action Status	
Management is lobbying MoFPED to increase the recurrent budget. This will enable appropriate alignment of private wing salaries to the GoU salary structure in a sustainable way.	
Query	**Status of medical equipment in the private wing**
Audit Finding The audit revealed a significant issue with the functionality of medical equipment in the hospital's private wing. An	

assessment of 55 key pieces of equipment found that 14 were non-functional, representing a significant portion of the total. The Accounting Officer explained that the private wing had just been renovated, and the engineering team was currently assessing the equipment. The findings from this assessment would be used by management to plan for necessary repairs and replacements.

Observations

The committee observed the high 25.5% non-functionality rate of key medical equipment in the newly renovated private wing severely compromises its service delivery capacity and revenue-generating potential, indicating a significant gap in proactive asset and project management.

Recommendation
The committee recommends fast-track the ongoing equipment assessment to develop an immediate, cost action plan for repairs and replacements, while also integrating equipment readiness checks into all future infrastructure projects.
Action Status
The Entity has strengthened the use of Nomad system in all departments including private wing. This system updates the status needs for repair, replacement, functionality which guides in possible estimates of the costs involved.

Query	**Management of medicine supplies in the private wing**
Audit established that ten sampled drug supplies and sundries received between September 18, 2023, and February 22, 2024, were not recorded on stock cards immediately after receipt, as required contrary to Part 5 of the Medicines and Health Supplies Manual, 2012. The Accounting Officer explained that a senior dispenser has since been deployed to the private wing pharmacy to manage medicines and supplies, and that with this support, stock cards are now being updated regularly.	

Observations

The committee observed the private wing's past failure to promptly update stock cards upon receipt of medicines, a direct violation of the 2012 Manual, created a significant breakdown in inventory control and left valuable medical supplies unaccountable and vulnerable to loss.

Recommendation

The Accounting Officer to ensure the newly deployed senior dispenser reconciles all historical stock records and implements a system of regular, independent spot checks to verify ongoing compliance with inventory management procedures.

Action Status

Management fully implemented the recommendations of the committee and currently there is improvement in the management of medicine and supplies stock records in the private wing.

Query	**Non-functional Dental Unit**

Audit Finding

Audit established that the unit was non-functional despite having a dental chair purchased for UGX 0.089 Bn and another repaired for UGX 0.019 Bn. The failure to make the unit operational resulted in a significant financial loss, as the wing only collected UGX 30,000 in the 2023/2024 financial year.

The Accounting Officer explained that a dental surgeon had been deployed by the Ministry of Health to take over the unit's management.

Observations

The committee observed a failure to operationalize the dental unit after a UGX 108.7 million investment in equipment, resulting in a negligible UGX 30,000 in annual revenue, represents a catastrophic failure to achieve value for money in direct violation of the PPDA Act due to needs assessment of the was not conducted and clearly no market strategy.

Recommendation
The Accounting Officer should support the newly deployed dental surgeon with a business plan and operational budget to make the unit profitable, while also making comprehensive operational planning a mandatory prerequisite for all future capital investments.
Action Status
The dental unit for private wing has been fully equipped and functionalized. This has improved revenue collections in the private wing

Query	Non-Operational Scanning Services in OBS/GYN Unit

Audit Finding

Audit revealed that a crucial ultrasound scanner, purchased in June 2022 for UGX 0.035 million for the Obstetrics and Gynecology (OBS/GYN) unit, was not operational, which is a direct violation of Section 48 of the PPDA Act. This failure to utilize the equipment demonstrates a severe lack of economy, efficiency, and value for money.
The Accounting Officer attributed the non-operational status of the scanner to financial constraints.

Observations
The committee observed a severe disconnect between procurement and operational budget planning.

Recommendation
The Government should provide funds to make the ultrasound scanner operational and simultaneously institute a policy requiring a fully-costed operational plan for all future equipment procurements.
Action Status
The Government of Uganda and JICA developed a project for equipping two regional referral hospitals (Jinja & Soroti). The equipment's have been delivered starting from October 2025 and these include Ultra-sound scan.

Query	Lack of a proper health management information system

Audit Finding

The audit revealed that the hospital's financial records for the private wing do not comply with Section 4.3 of the Guidelines for Management of Private Wings of Health Units, 2010. The audit established a lack of a proper health management information system, as key data is missing from financial records, including the professional doctor's name, whether the patient was a staff or HMB member, details on granted waivers, drug purchases, and inpatient admission and discharge dates.

The Accounting Officer explained that the inpatient forms would be amended to capture the missing information and ensure the completeness of records.

Observations

The committee observed an absence of critical data such as doctor details and waiver information in the private wing's financial records, a direct violation of the 2010 Guidelines, indicates a systemic failure in information management that severely undermines financial accountability and revenue assurance.

Recommendation

The Accounting Officer move beyond simply amending manual forms and implement a comprehensive Health Management Information System (HMIS) capable of capturing all required patient, billing, and clinical data to ensure full compliance and secure revenue collection.

Action Status

The networking of HMIS in private wing has been completed. The hospital is now in the process of acquiring the software and Hardware. This will fully functionalize HMIS usage in the private wing.

2.10 Soroti Regional Referral Hospital

Query	Accumulation of Domestic Arrears

Audit established that the hospital accumulated domestic arrears amounting to UGX O.625Bn contrary to Section 20(2) of the Public Finance Management Act (PFMA), Cap 171, which stipulates that a vote shall not incur credit from any local company or body unless it has the capacity to settle such expenditure from the approved estimates as appropriated by Parliament for that financial year. These arrears were disclosed in the Statement of Financial Position but without due regard to the above legal requirement. The arrears comprised UGX 0.548Bn owed to NWSC for water bills, UGX 0.099Bn to UTL for internet services, UGX 0.089 Bn to URA in respect of PAYE, UGX 19,860 to MoFPED for IFMS recurrent costs, UGX 0.029Bn to Nile Energy Limited for fuel supply, UGX 0.016 Bn relating to underpayment of staff salaries, and UGX O.O13 Bn owed to pensioners for missed pension payments, bringing the total to UGX 0.625Bn.

The Accounting Officer attributed the accumulation mainly to unpaid utility bills and bounced pension payments for June 2024, adding that management had attempted to minimize further commitments within the financial year.

Observations

i) The committee observed that; Outstanding commitments in statutory and contractual obligations, of this nature expose government to litigation risks, financial penalties, and loss of institutional credibility.
ii) The Committee further observed that accumulation of arrears coupled with delayed settlement of payables may lead to loss of funds to government in arising from punitive and general damages awarded to claimants.

Recommendation

i) The Committee recommends that;
ii) The Accounting Officer should be held liable for not budgeting for domestic arrears.

iii) MOFPED should provide funds to fully settle the domestic arrears.

iv) Government should consider making domestic arrears a statutory obligation and be made the first call at budgeting

Action Status

Submission for Arrears made. Submission made in Parliament for increase in Utility.

Management has installed solar lights and solar driven underground water pumps.

NWSC being probed by Health Monitoring Unit for overbilling.

Query	**Understaffing**

Audit Finding

Auditor General noted that out of the approved structure of 1,231, only 283 (23%) positions were filled leaving 948 (77%) positions vacant. Some of the key positions include, Senior Consultant Anesthesiology, Senior Consultant (Orthopedic), Principal Nursing Officer, Consultant (Emergency Medicine)

The Accounting Officer attributed this to insufficient budget for wage recruitment however, a request for wage budget increase is always submitted in budget framework paper to Health Committee of Parliament without positive results.

Observation

The Committee observed that understaffing overstretches remaining staff beyond capacity, generates job-related stress, and negatively affects service delivery to the community.

Recommendation

The Committee recommends that Government should provide adequate funds to implement the approved staff structure in all referral Hospitals.

Action Status

Request for wage increase was submitted to MoFPED but allocation has remained static.

More staff reported while additional recruitment done in 2024/25.

Query	Un-sustainable Electricity Bills

Audit established that ongoing upgrades installation of a higher-capacity PSA oxygen plant and incoming high-load equipment (e.g., a new mounted digital X-ray machine) will materially increase the hospital's power

consumption. The approved electricity budgets were UGX 0.435Bn (FY2022/23) and UGX 211,336,000 (FY2023/24); however, the oxygen plant alone (rated 256 kW, operating 12 hours/day, ~1,121,280 kWh/year) at the Code 20 tariff of 482.3 UGX/kWh will cost about UGX 540,793,344 per annum, exceeding the FY 2023/24 budget by UGX 329,457,344 and even the FY2022/23 budget by UGX 104,794,344.

The Accounting Officer attributed the exposure to electricity budget cuts over the last two years, noting that without improved estimates and releases the hospital is likely to accumulate utility arrears.

Observations

- The committee concurs with the Audit observation that this structural gap potentially creates a high risk of utility arrears, service interruptions/disconnections, and PFMA non-compliance (s.20(2)) due to commitments beyond available appropriations.
- The committee further observed that lack of alignment between MoFPED's resource allocation and the Ministry of Health's infrastructure expansion, undermines the sustainability of service delivery.

Recommendation

The Ministry of Finance should align resource allocations with the actual utility demands of new health infrastructure projects. Furthermore, subsequent budget processes should

ensure sustainability of recurrent expenditures associated with capital investments.
Action Status
Request for increase in electricity /utility budget has been made to Health Committee of Parliament. Meanwhile management is embarking phased on Solar Light installation

Query	**Unsatisfactory quality of works/services**
Auditor General undertook physical inspections on three (3) structures worth UGX. 1,091,197,065 and noted serious defects on the shallow well, gravel and PVC pipes. Additionally, Electrical sockets installed were unsuitable for powering fridges, fans, specialized medical equipment, and printers. Electrical and mechanical installations in the Laboratory stood at only 75% completion, while the generator room remained under construction. The ramp to the Laboratory had also only been completed up to 80%. The Accounting Officer explained that a stationed Clerk of works was in place to monitor construction, supported by monthly site meetings, and that the project was supervised by the Ministry of Health Infrastructure Department. **Observations** The Committee noted that despite the project being supervised by the Ministry of Health Infrastructure Department and the presence of a stationed Clerk of works, defects were so glaring on the Staff House Block, Ramp, and Shallow Well project. This demonstrated inadequate supervision and non-compliance with PPDA contract performance standards, undermining value for money and compromising service delivery.	
Recommendation	
The Accounting Officer Should Compel the Contractor to rectify the defects, contract management team together with	

the Clerk of works should be held responsible for poor performance of the contract.
Action Status
All defects detected were corrected. Project, handed over.

Query	**Off-Budget Financing**

Audit established that the RRH received off-budget funds totaling UGX 1.32 billion into its Administration account from seven sources, including CDC CoAg, UNICEF, and the Swedish Council. It was further noted that related payments were made without transiting through the Government TSA system, in direct contravention of the PFMA and Treasury Instructions. The expenditure revealed a significant issue with fund absorption.

The Accounting Officer explained that the decision to transfer these funds to the Hospital's Commercial Bank Account was made by the Ministry of Health. The funds were stated to include donations for an X-ray machine, internship payments, and specific project activities.

Observations

The committee observed that;

i) low absorption rate indicates potential inefficiencies in planning and execution, raising concerns about the timely achievement of project objectives for which the funds were intended.

ii) off-budget financing if not incorporated into the budgeting process distorts national planning and budgeting, undermines parliamentary oversight, and may result in a duplication of activities.

iii) circumvention of the Government Treasury Single Account (TSA) violates the core principles of the PFMA and Treasury Instructions which obscures transparency, hampers consolidated government planning, and presents a significant risk of funds being used for unauthorized purposes or duplication of activities.

Recommendation
The Accounting Officer should redirect all external finance into the Program Budgeting System and spend through the TSA as per the PFMA, 2015
Action Status
These were spent by October 2024. Presently the X-ray machine is delivered, installed and commissioned. CDC project funding and Internship payment is still ongoing under MoH decision.
Query | **Delayed release of UGIFT fund**

Audit Finding

Audit established that there was a late release of UGIFT funds totaling UGX.4,120,000,000, specifically, quarter 1 funds were delayed by 108 days, quarter 2 by 16 days, quarter 3 by 111 days, and quarter 4 by 20 days. In total, this amounted to 255 days of cumulative delay in releases.

The Accounting Officer explained that release is controlled by MoFPED therefore delays are beyond the control Hospital Management.

Observations

The Committee observed that irregular and delayed release of funds contravenes the PFM Regulations 2016 and undermines the entity's ability to plan, commit, and execute activities in a timely and efficient manner.

This not only disrupts service delivery but also risks accumulation of arrears where contractual obligations are entered without corresponding cash flows.

Sn	Program Name	Approved Budget - UGX	Supplementary Budget - UGX	Revised Budget - UGX
1.	Human Capital Development	15,084,117,338	115,656,654	15,199,773,992

S/n	Purpose of the supplementary	Supplementary approved (UGX)	Approval Minute
1	Completion of blood Bank building	115,656,654	None

Recommendation

The committee recommends MoFPED should strictly adhere to Regulation 14(2) and (3) of the Public Financial Management Regulations, 2016 by ensuring timely quarterly releases of UGIFT funds no later than the 10th day of the first month of each quarter.

Action Status

The delayed release of UGIFT funds totaling UGX 4.12 billion remains largely unresolved, as the release schedule is controlled by MoFPED. Hospital management has no direct control over the timing of disbursements. Hospital management continues to engage MoFPED but cannot enforce timely releases independently.

Query	**Monitoring and evaluation of the UGIFT project**

Audit Finding

Instruction 4.31.1 of the Treasury Instructions, 2017, states that projects shall be monitored to assess progress relative to the implementation plan. Furthermore, Regulation 7(b) of the Local Government Finance and Accounting Regulations, 2007, requires the executive committee of a council to monitor the implementation of the council's programs and projects. The audit revealed that the entity did not prepare formal monitoring reports to serve as evidence for the oversight of UGIFT project activities. The failure to maintain accurate monitoring reports negatively impacts the ability to ensure implementation adheres to the Bills of Quantities.

The Accounting Officer explained that a Clerk of works is stationed to monitor the works and that monthly site meetings are held to track progress, with overall supervision being conducted by the Ministry of Health's Infrastructure Department.

Observation

i) The Committee observed that availability of Clerk of works without formal monitoring reports doesn't provide evidence of execution of monitoring and evaluation. Lack of Monitoring and Evaluation systems is contrary to Instruction 4.31.1 of the Treasury Instructions, 2017 and Regulation 7(b) of the Local Government Finance and Accounting Regulations, 2007.

The committee further observed that relying on oversight without concurrent records effectively negate accountability and transparency, rendering the entity unable to prove it has exercised its fiduciary duty to safeguard public resources.

Recommendation

The Accounting Officer should ensure the immediate preparation and maintenance of formal, periodic monitoring and evaluation reports for the UGIFT project.

Action Status

The project activities were monitored. Monthly site meetings done with progress reports presentation. The overall supervision is by the Ministry of Health Infrastructure Department.

Query	**Absence of material test results**

Audit revealed that there were no material test results in the contract management file.

The Accounting Officer explained that most of the materials are tested and the results are checked by the Clerk of works and reviewed by the MoH supervision team that oversees the works.

Observations

i) The Committee observed that lack of material tests may lead to increased risk of poor-quality structures due to lack of sufficient evidence to assess the quality.

ii) The committee observed that lack of testing records on file negates accountability and rendering the entity

unable to prove it has exercised its fiduciary duty to safeguard public resources and ensure quality service delivery.
Recommendation
The committee recommends the Accounting Officer ensure the immediate preparation and maintenance of formal records
Action Status
Regular testing of materials was done to ensure quality works. The test results were checked by the Clerk of works.

Query	**Non-utilization of personal protective equipment and existence of other safety measures on sight.**

Audit Finding

The audit revealed that workers were not wearing Personal Protective Equipment. The audit specifically noted that workers at the construction site were working on the generator's shelter room without helmets and gloves.

The Accounting Officer explained that Management will work with the Clerk of Works to ensure that the contractor provides health safety measures at site all the time.

Observations

The committee observed that safety measures on site create a significant risk of injury and could lead to potential litigation, resulting in a loss of public resources.

Recommendation
The Accounting Officer expedite the process with the Clerk of works to ensure the contractor provides health safety equipment and enforcement of safety procedure for all workers on-site.
Action Status
Gears were used up to the time the Project ended.

Query	Staff attendance

Audit Finding

Audit review of the Staff Biometric Report for June 2024 revealed that ten staff were absent from duty for an average of 14 days but were nevertheless paid UGX 23,150,068, whereas computation based on the actual days worked indicated that they were entitled to only UGX 13,409,763, resulting in an overpayment of UGX 9,740,305.

It was further noted that the Accountant, Assistant Accountant, and Inventory Management Officer who had been posted to the hospital did not report for duty, which created a significant gap in the Accounts Department and forced management to recruit temporary staff locally.

The Accounting Officer explained that Staff were away due to different reasons; Annual, sick leave, not logging in the biometric yet they worked.

Observation

i) The Committee observed that this arrangement not only exposed the hospital to risks associated with handling public funds by unverified personnel but also imposed additional costs on the institution. Such absenteeism and failure to report for duty undermines compliance with deployment guidelines, denies the region the intended health services, reduces accountability in financial management, and may result in loss of public funds.

ii) The committee observed weak enforcement by the Accounting Officer in regards to Guideline 2.2.3 of the Health Sub Programme Grant Budget, and Implementation Guidelines for LGs (FY 2023/24), which requires strict monitoring of staff deployment and attendance.

Recommendation
The committee recommends

i) The Accounting Officer should strengthen enforcement of the biometric system by ensuring all staff register their attendance daily and by integrating alternative verification mechanisms for approved leave, sick days, or off-site assignments.
ii) Management should also institute periodic reconciliations between payroll and biometric records, supported by documentary evidence, to

avoid payment of salaries to staff who are absent or unaccounted for.

Action Status

The staff submitted explanations for these anomalies. All were reviewed and verified.

The Office of the Accountant General was informed about the officers who did not report.

The Assistant Accountant was submitted to MoFPED for further action.

Query	**Engaging contract staff without employment contract**

Audit Finding

Auditor General observed that personnel were employed without binding employment contracts. These include Pharmacy assistants, laboratory assistants and Accounts assistants who have been working in both the hospital private wing Unit and Accounts department for over two years without binding employment contracts with the Hospital. Audit further revealed that UGX. 27,959,080 was paid to several personnel on temporary basis in form of stipend fees and allowances. This was partly due to abscondment from duty which prompted management into hiring of temporally staff.

The Accounting Officer attributed this to insufficient funds to engage the staff on contract and failure to fulfil the contract terms which could lead to litigation. As a result, the entity

failed to attract staff in accounts. The submission to recruit personnel that the hospital had engaged in and are willing to work in Soroti was not accepted by the Ministry of Finance.

Observations

The committee observed engaging contract staff without employment contracts is in direct violation of Section 172(b)(i) of the Public Service Standing Orders as this situation not only creates a risky employment environment for the staff but also exposes the hospital and the government to significant legal and financial risks.

Recommendation

The Accounting Officer should laisse with HSC, MoFPED and MoPS to update staff employment status by signing with them employment contracts with clear contract terms and period of employment.

The Accounting Officer should immediately follow-up and report to the appointing authority the staff who were deployed by HSC and deliberately refused to appear at the station.

Action Status

Contract staff have been given letters of formal engagement.

Some of the staff recruited for Soroti RRH but never reported are now working in other Regional Referral Hospital.

Query	**Status and service Delivery-Summary-July, 2023 - June, 2024 for SRRH**

Audit Finding

Audit revealed that the RRH failed to fully achieve its service delivery targets in several key performance areas. A review of performance data established

significant shortfalls in Maternal Deaths, General Outpatient Department

(OPD) attendance, CT-Scan services, and Immunization coverage. Critical performance gaps were identified, including a maternal death rate of 15% against a target of zero, indicating

a severe outcome in maternal healthcare. Furthermore, it was noted that General OPD attendance achieved only 54% of its annual target, while specialized diagnostic services for CT-Scans and Ultrasounds achieved only 42% and 11% of their respective targets. Childhood immunization coverage was also found to be low, achieving only 41% of the annual target.

The Accounting Officer provided explanations for the noted variances, stating that the high maternal death rate was attributed to the delayed referral of complex cases with anticipated poor outcomes. The low General OPD performance was explained by a combination of poor data capture management, inadequate consultation rooms, and underperformance of the Electronic Medical Records (EMR) system. For specialized services, it was stated that CT-Scans despite an existing waiver system are charged investigations fee which a number of patients are unwilling to pay for, while low immunization rates were attributed to mothers only receiving the first vaccine at the hospital and not turning up at nearer health facilities for subsequent vaccinations.

Observations

i) The committee observed a failure to meet core delivery objectives and systemic weaknesses within the hospital's management and inadequate resource allocation by MoFPED.
ii) Furthermore, limited knowledge about existing medical subsidies especially the CT scans were observed.

Recommendation

i) The committee recommended
ii) The Accounting Officer should implement immediate internal process reviews to optimize patient referral systems, data management, and fee waiver mechanisms
iii) MoFPED should allocate more funds for capital development to the hospital

The Accounting Officer should notify public of the

available government medical subsidies at the Hospital.
Action Status
i. City scan operational. ii. Another radiographer recruited. iii. Appointed Radiologist as head of Department iv. Received more computers for EMR use. More computers provided. Emphasis to use EMR made to staff.

Query	**Maternity Ward at Soroti Regional Referral Hospital**

Audit Finding

Soroti Regional Referral Hospital, the only referral facility in Teso sub-region serving nine districts, operates a maternity department that provides obstetrical care, gynecological services, and reproductive health interventions through units such as postnatal, antenatal, gynecology, neonatal intensive care, labor suite, immunization, and operating theatre.

Audit revealed that the maternity ward had only 32 beds accommodating 72 mothers, resulting in overcrowding.

Furthermore, patients were sleeping on worn-out beds, the piped water system within the ward was faulty with sinks not functioning, baby warmers and radiant infant warmers were non- functional, the auto-clave machine was out of use due to unavailable spare parts, walls required renovation, the entrance door had broken glass, and solar panels were non-functional at the time of audit. In addition, stagnant water was found in the front compound, while the patient trolleys were broken, hampering examination of expectant mothers. These deficiencies demonstrate remarkable shortages of equipment, high wear and tears due to frequent use, and inadequate maintenance funding.

The Accounting Officer attributed these challenges to dilapidated infrastructure built in the 1940s, lack of development funding for the past seven years, and consistent low budget appropriations for maintenance and retooling despite repeated submissions to the Health

Committee of Parliament. Consequently, service delivery in the maternity section has been adversely affected.

Observations

The committee observes that the recommended catchment population for a referral Hospital is 2,000,000 people however, Soroti RRH serves a catchment population of 2,328,188 which is above the recommends population by 328,188 people.

Persistent underfunding undermines safe maternal care, exposes mothers and infants to preventable risks, and negatively affects service delivery.

Recommendation

The committee recommends

i) Government, through MoFPED, should prioritize allocation of sufficient resources for infrastructure rehabilitation and retooling of the maternity ward at Soroti Regional Referral Hospital in line with the National Health Policy II and Health Sector Development Plan commitments.

ii) Ministry of Health should develop a phased retooling and refurbishment plan for all Regional Referral Hospitals, ensuring that critical equipment such as baby warmers, auto-clave machines, and neonatal support facilities are urgently restored to functionality to safeguard maternal and child health.

Action Status

Face lifting is done. Maternity ward painted using retooling funds.

Submission for funds for capital development has been made to Health Committee of Parliament, but no appropriation received in the last seven years.

Query	Inadequate Space in the Neonatal Intensive Care Unit
Audit Finding The audit established that the Neonatal Intensive Care Unit (NICU) has inadequate space to accommodate the high number of births and referrals. The audit revealed that this limited space restricts the addition of new medical equipment and has resulted in beds designed for single occupancy being used for two babies at a time. The audit further revealed that the failure to properly accommodate babies in need of intensive care services has contributed to a high neonatal death rate. The Accounting Officer explained that high admissions outweigh the available inadequate infrastructure. Most of the preterm babies and other neonates in the region that need specialist care are referred to SRRH. Besides, some of the premature babies are too young or have very low birth weight to survive in the poor infrastructure and equipment while others come with infections hence attribute to high mortality. **Observations** The committee observed a severe and potentially life-threatening shortfall in infrastructure, jeopardizing the hospital's ability to provide a safe and effective environment for its most vulnerable patients.	
Recommendation	
The committee recommends that the Accounting Officer should engage the Ministry of Health and MoFPED for more funding to enable it acquire more and improved medical equipment for the unit that will help save the lives of these babies.	
Action Status	
No funds to build new NICU. Submission made to Health committee	
Query	**Inadequate medical equipment in NICU**
Audit Finding The audit established a critical shortage of functional medical equipment within the NICU. It was revealed that only two out of five radiant baby warmers were operational,	

a situation which necessitated the unsafe practice of two neonates sharing a single warmer. Furthermore, it was noted that one of the unit's eleven beds was non-functional, absence of several essential pieces of equipment, including CPAP machines, syringe pumps, infusion pumps, refrigerators, air conditioners, and a vein finder/Doppler. This insufficient and faulty equipment poses a significant risk to patient safety, creating a high risk of cross-infection among neonates and potentially leading to mortality.

The Accounting Officer explained that over the last three years (including 2024-2025) the hospital has been receiving little funds (UGX.120Mn) for retooling. This is not adequate for all equipment needs. The situation worsens with the unstable and power outages, which are a threat to equipment.

The nonstop usage of equipment, due to high patient number, subjects the equipment to higher chance of developing faults. The few warmers were last bought by the hospital five years ago using RBF. Effort to lobby for additional funds in the budget has been fruitless.

Observations

The committee observed severe and imminent risks to neonatal patient safety

like cross-infection among vulnerable neonates due to the critical shortage and poor state of essential medical equipment.

Recommendation

The committee recommends the Accounting Officer immediately prioritize and develop a targeted procurement and maintenance plan to address the critical equipment gaps in the NICU. This plan must be formally submitted to the Ministry of Health and development partners with urgent priority to secure necessary funding and resources to ensure all essential equipment is operational and available to meet the standard of care required for neonatal patients.

Action Status
New equipment was provided with support from JICA.

Query	Pediatrics/Children's Ward

Audit Finding

Audit revealed the Pediatrics Ward at Soroti Regional Referral Hospital accommodates over 150 children despite limited bed capacity, with an average of 600 patients attended per month. The ward has only 10 staff comprising one Medical Officer, one Consultant, and eight nurses who are rotated both day and night. Furthermore, the ward lacked essential medicines such as Tranexomic Acid, Artesunate, and Salbutamol. Critical equipment was non-functional, including patient monitors and oxygen concentrators, while most beds were worn out, forcing two patients to share a single bed with no space between them. The ward space was found to be inadequate for the high admissions, with a bed occupancy rate of 130% and many overflow cases.

The Accounting Officer explained that the high admission numbers outweigh the available infrastructure and equipment, leading to accelerated wear and tear requiring regular repairs and replacements. Over the last three years, the hospital has only been receiving UGX.120 million annually for retooling, with no capital development funding, which is insufficient to cater for equipment repairs, replacements, and expansion needs. In addition, unstable power supply threatens the functionality of the equipment. Despite repeated submissions to the Health Committee of Parliament, no development funding has been appropriated to expand the ward and procure additional equipment

Observations

The committee observed the lack of adequate development funding from MoFPED has therefore undermined compliance with medical equipment maintenance guidelines, weakened service delivery

Recommendation
Government should prioritize the allocation of adequate development funds to Soroti Regional Referral Hospital to enable expansion of the Pediatrics Ward and procurement of essential medical equipment in line with the Operation Manual for Regional Medical Equipment Maintenance Workshops and Medical Equipment Maintenance Guidelines, 2013.
Action Status
New equipment, beds and mattresses were provided with support from JICA.
Query | **Intensive care unit**
Audit Finding Section 4 & 7 of Operation Manual for Regional Medical Equipment Maintenance Workshops and Medical Equipment Maintenance Guidelines, 2013 guides on maintenance of medical equipment and the level of maintenance including first level of maintenance. The audit revealed that out of five (5) beds in the ward, four (4) were broken and only one (1) was functional. The broken beds are having faulty motors that do not permit them to be flexible, the unit was lacking enough Oxygen at the time of Audit. The Accounting explained that existing ICU is an improvised space to provide basic Intensive Care. It is small and inadequate. The beds developed faulty motors due to power outage. Management has been with suppliers but in vain. The service contract period has ended, and hospital lacks funds to repair. There was piped oxygen supply to the ICU and the plant was functional though low output due to delayed servicing by MoH. **Observations** The committee observed the situation compromises the delivery of critical care services and exposes patients to severe health risks
Recommendation
The committee recommends that Government should urgently prioritize allocation of sufficient funds to Soroti Regional

Referral Hospital to facilitate the repair and replacement of non-functional ICU beds, secure reliable service contracts with suppliers, and ensure uninterrupted maintenance of life-supporting equipment.
Action Status
Two beds were repaired and now functional. However, the space remains small. Oxygen supply was routinely boosted by ordering from NMS. Oxygen Plant is serviced and working

Query	**Condition of the washrooms**

Audit Finding

Audit revealed that the washrooms in the private wing were in a state of significant disrepair and were being poorly maintained. The plumbing system was dilapidated and insufficient cleaning detergents were provided by the cleaning company for effective sanitation. Toilets were non- functional, with some units unable to flush, others missing cistern covers, and several being completely out of use. Furthermore, the audit revealed that most handwashing sinks lacked running water.

The Accounting Officer explained that civil maintenance works are conducted in phases due to limited funding and that management has allocated funds for plumbing repairs in the subsequent quarter.

Observations

The committee observed the hospital now poses significant health and safety risk to patients, staff, and visitors, potentially facilitating the spread of healthcare-associated infections and failing to meet the minimum expected standards of care in a healthcare facility

Recommendation
The committee recommends the Accounting Officer should lobby for more funding from MoFPED and other development partners in order to achieve service delivery.
Action Status
Management improved on effective cleaning, repaired broken plumbing systems. Routine maintenance ongoing.

Query	Condition of Patient mattresses
Audit Finding Auditor General established that the hospital is operating with only a few good mattresses for patients, while the majority are old, dirty, torn, and without covers. In some cases, mattresses had to be withdrawn from the wards and kept in stores due to their dilapidated condition, leaving patients without adequate bedding. This compromises patient comfort, hygiene, and overall quality of care. The Accounting Officer explained that ward in-charges had been instructed to replace torn mattresses with relatively better ones, while lobbying for additional new supplies from the Ministry of Health. However, no provision exists within the hospital budget to procure new mattresses directly **Observations** The committee observed that the Condition of Patient mattresses leads to discomfort and unhygienic conditions, which not only compromise their dignity but also increase the risk of infections	
Recommendation	
The Ministry of Health, in collaboration with MoFPED, should prioritize budgetary allocations for essential patient welfare items, including mattresses, within the hospital's retooling and maintenance budgets. Dedicated funds for critical consumables and high-turnover items should be instituted to reduce overreliance on lobbying and adhoc supply.	
Action Status	
Few new Mattresses procured with support from by JICA	
Query	**Failure to control temperature in the medicine's storeroom**
Audit Finding Record temperatures/humidity in the store into the temperature-monitoring log in the morning, afternoon and evening. The audit revealed there were no temperature control	

gadgets installed in the medicine store.

The Accounting Officer acknowledged the observation and going forward will work with the MoH Infrastructure Department to improve.

Observations

i) The Hospital standards for Medicine storage falls short of Policy guidelines requirement contained in Chapter 5.2 of the MOH Essential Medicines and Health Supply Manual 2018 which requires that store temperature should not exceed 27°C.
ii) The committee further observed that failure to adhere to the required standards risks the degradation and ineffectiveness of stored medicines, potentially rendering them unsafe or unusable. This poses a significant risk to patient health and represents a considerable financial loss due to spoiled medical supplies.

Recommendation
The Accounting Officer should expedite collaboration with the Ministry of Health Infrastructure Department to implement these essential controls and ensure ongoing compliance with all storage guidelines
Action Status
This is procured and installed

Query	**Out of stock of medicines at the private wing Pharmacy**

Audit Finding

The audit revealed that the private wing pharmacy at the hospital lacked medicines, with shelves found empty and buffer stock depleted nearly to zero. As a result, patients are routinely requested to buy medicines from private pharmacies outside the hospital. At the time of audit, only syrups and syringes were available on the shelves of the private wing pharmacy.

The Accounting Officer attributed this shortage to the low annual budget allocation of UGX.28 million for medicines and

supplies in the private wing, which is inadequate to meet demand. In addition, guidelines from MoFPED prohibit expenditure at source, further limiting the hospital's ability to replenish medicines directly.

The persistent stock-outs in the private wing pharmacy deny patients timely access to essential medicines within the facility, undermine the intended purpose of the private wing, and expose patients to financial and medical risks associated with sourcing medicines externally.

Observations

The committee observed that Private wing provides services on cash basis, and this requires a robust medicine inventory management system at the hospital. Failure to replenish stock indicates challenges the motive of private wing at the hospital and leads to loss of NTR since patients are forces to opt out for medicines. In addition, the Annual budget of UGX.28Million should is very low.

Recommendation

The committee recommends

i) MoFPED should review and substantially increase budget allocations for the private wing to ensure the availability of essential medicines within the hospital pharmacy.
ii) Restrictive guidelines on expenditure at source should be reconsidered or revised to allow hospitals with private wings to directly utilize part of their internally generated revenue for timely restocking of medicines.

Action Status

Private Wing /NTR allocation was increased in FY 2025/26. Hence stocking level improved.

Query	**Non-Functional Oxygen Plant**

Audit Finding

Audit revealed that the facility's oxygen plant established that it was non- functional. This critical failure resulted in a severe shortage of medical oxygen across most wards, including the Intensive Care Unit (ICU).

During an interaction with the committee the Accounting Officer attributed this to inadequate budget for maintenance of machinery. Service maintenance of one plant is about UGX.60Mn per full service (about UGX.120Mn per year). There are two operating Plants; third one due for completion (95%). The service maintenance contract is not in the hospital budget but centrally provided. In situation of oxygen shortage, hospitals procures emergency oxygen from NMS using the credit line or refill cylinders from a nearby Referral Hospital Functional plant.

Observations

The committee concurs with audit observation that failure to ensure proper functionality of the oxygen plant jeopardizes patient safety, potentially leading to the inappropriate treatment of respiratory-related diseases and ultimately risking patient mortality.

Recommendation

The committee recommends that Government should allocate adequate budget for routine maintenance of all critical medical equipment, including the oxygen plant.

The Ministry of Health should be swift while responding to maintenance requests from Centralized maintenance sources by Referral Hospitals.

Action Status

The plant was serviced and running. at the moment we are waiting for next service by ministry of health. Oxygen supply was routinely boosted by ordering from NMS.

Query	**Inadequate space at the hospital Mortuary**

Audit Finding

Audit revealed that the Hospital mortuary is very small and can only accommodate two bodies at a time. In addition, the mortuary had no carriers for dead bodies, the trolley was not in good condition and mortuary lacks stores for drugs and equipment.

The Accounting Officer explained that there are limited funds to construct and equip a modern mortuary. This mortuary is indeed small to befit a Regional Referral and Teaching Hospital. The mortuary has a cupboard to store the few necessary drugs and equipment required and Management has acquired fabricated carriers for bodies.

Observations

The committee observed this compromises the dignified handling of the deceased and poses a serious health and safety risk.

Recommendation
The Accounting Officer should prioritize rehabilitation and expansion of the existing Mortuary to enable improved services.
Action Status
Need for new infrastructure presented to Health Committee of Parliament.

Query	**Dilapidated Buildings, Obsolete Equipment and Equipment that need Repair**

Audit Finding

Auditor General established that the Male Surgical Ward, Radiology Ward, Operating Theatre, Staff Houses, and the Female Surgical Ward revealed that the buildings were dilapidated and urgently required repair. The Male Surgical Ward, constructed in 1944, remains in use despite its deteriorated state, posing significant risks to patient safety. The staff houses, constructed as far back as 1934, were found in a miserable condition, yet still occupied by staff.

The Operating Theatre, which is the only theatre serving the hospital, was also noted to require urgent renovation. In the Radiology ward, critical equipment such as the portable X-ray machine lacked a printer, one X-ray machine was beyond repair, and the CT scan could not provide images due to lack of films. The situation highlights that most of the hospital

infrastructure is severely aged, worn out, and unsuitable for the current patient load. The lack of development funds for over seven years and the very low retooling budget have prevented the hospital from putting up new structures, extensively rehabilitating existing ones, or replacing condemned equipment. Consequently, service delivery is compromised, and patient safety is at significant risk.

The Accounting Officer explained that the hospital has not received development funds in the last seven years and therefore cannot construct new facilities or rehabilitate the dilapidated ones. The retooling budget is too low to address extensive repairs, replacements, or demolition of condemned structures. There is therefore urgent need for new and more spacious buildings and modern equipment to cope with the growing patient demand and increasing service mandate.

Observations

The committee observed that MoFPED has consistently allocated Development budget worth UGX.108Million annually for the last seven years severely. The budget is meagre compared to the retooling and development needs of the hospital which undermines service delivery and eroding the credibility of government commitments to equitable healthcare infrastructure.

Recommendation

The committee recommends MoFPED, in collaboration with the Ministry of Health, should urgently re-prioritize and earmark dedicated development funds for regional referral hospitals

Action Status

A team of Engineers from MoH Infrastructure have assessed the buildings on request of management and recommended renovations and repairs. Management has started doing in a phased manner. Appeal for capitaldevelopment made.

Query	**Status of the Kitchen**

Audit Finding

The central kitchen, which is located near the maternity ward, is responsible for providing meals for all patients of the hospital.

Audit established that the kitchen and its surrounding area were in a state of significant disrepair and poor hygiene. The absence of a designated dishwashing area, no dedicated storage area for utensils, a poorly managed garbage disposal system, and an inadequate drainage system. The poor hygienic state of the kitchen environment poses a serious risk of foodborne diseases and other illnesses, which can directly and adversely impact patient health and recovery outcomes. The Accounting Officer stated that the Infection Prevention and Control

Committee would be strengthened to address this issue.

Observations

The committee observes this environment jeopardizes patient recovery and violates the hospital's duty to provide a safe and therapeutic care environment

Recommendation
The Accounting Officer should take immediate action to deep-clean, rehabilitate, and properly equip the central kitchen to meet minimum health and safety standards and regularly inspect it
Action Status
Areas around the Kitchen have been paved to improve drainage and hygiene. Daily health education is usually given to patients at admissions. There is an IPC officer and committee to continuously handle this area.

Query	**Obsolete equipment**

Audit Finding

Audit General established that the hospital has several obsolete and non- repairable pieces of equipment that are due for disposal but have no disposal plan. This is contrary to the Operation Manual for Regional Medical Equipment Maintenance Workshops and Medical Equipment Maintenance Guidelines, which states that disposal is a planned part of an equipment's life cycle.

During inspections, the audit team discovered a specific instance where expired drugs were being stored in the generator room.

The Accounting Officer explained that expired drugs are prepared for transportation back to the NMS for disposal. The Accounting officer further noted that the NMS sometimes hires a private transporter who may be reluctant to carry the expired drugs, and many of the drugs have a short shelf life. Management would liaise with NMS to address this issue.

Observations

The committee observed

i) Failure to dispose of obsolete and non-repairable equipment is a direct violation of established guidelines for medical equipment maintenance.
ii) The storage of expired drugs in the generator room not only contravenes safety regulations but also poses a severe health and safety hazard and reflects poor inventory management

Recommendation

The committee recommended

i) Immediate implementation of a comprehensive disposal plan for all obsolete equipment
ii) Liaise directly with NMS and a specialized hazardous waste disposal company to ensure the timely and safe removal of all expired drugs.

Action Status

Submission for guidance on disposal made to the Government Valuer.

Expired drugs are returned when NMS delivers a drug cycle.

Query	**Failure to develop a risk management strategy for project Activities**

Audit Finding

Audit discovered that management had not made any effort

geared towards the development of a risk management strategy for the implementation of the CDC CoAg project. It was also noted that key risks associated with activities within the project operations are not continuously identified, measured, controlled and monitored.

The Accounting Officer explained that there is no institutional Risk Management strategy however, the project has been operational with close guidance and monitor of the Internal Auditor and Project Auditors from the head office. Management will work with the Internal Auditor and Project Auditors to have a customized Risk Management Strategy.

Observations

The committee observes complete absence of a formal, project-specific risk management strategy for the CDC CoAg project, constituting a severe

violation of the Sections 45(2) and 48(2b) of the PFMA, 2015.

Recommendation

The committee recommends the Accounting Officer should, as a matter of urgency, develop and implementa comprehensiveRisk Management.

Strategy (RMS) for the CDC CoAg project in line with Sections 45(2) and 48(2b) of the PFMA, 2015.

Action Status

Draft Risk Management strategy available.

2.11 Mubende Regional Refferal Hospital

Query	Budget Performance

Audit Finding

The entity had a revised approved budget of UGX.13.91Bn out of which UGX.13.37Bn was warranted whereas UGX.12.45Bn was utilized leaving a balance of UGX.0.918Bn unutilized.

The unutilized balance was meant for Recruitment of staff and payment of Pension and gratuity.

The Accounting Officer attributed this to the ongoing recruitment ban that was followed by the delayed clearance from Ministry of Public Service awaiting the findings of the OAG report on the employee headcount.

Observation

The committee notes failure to utilize funds meant for recruitment due to a government directive pending OAG report on the employee head count. However, failure to pay pension and gratuity is inexcusable since these are predictable statutory obligations. Nonpayment of pension and gratuity negatively affects the livelihood of beneficiaries.

The committee further observed that Accounting Officer failed to deliver activities in the work plan of the Vote for the financial under review. Contrary to Sec.43(4) of the PFMA, 2015

Budget category	Revised Budget in UGX	Warrants UGX	Percentage warrants %
Recurrent (Wage)	11,101,836,732	11,101,836,732	100
Recurrent (Non-wage)	2,668,012,353	2,119,166,196	79
			79
Development	150,000,000	150,000,000	100
Total	**13,919,849,085**	**13,371,002,928**	**96**

Recommendation

The Accounting Officer should be held personally liable for failure to make statutory payments to well-deserved pensioners.

Action Status

The recommendation has not yet been implemented, pending enforcement of accountability measures

Query	**Long standing payables**

Audit Finding

Audit noted that payables amounting to UGX.0.859Bn in the statement of financial position on page 09 and Note 28(a) on page 31 relating to compensations to employees remained the same from the previous year indicating no payment in the year under review.

VISION

A Competitive Economy for National Development.

MISSION

To formulate sound economic policies, maximise revenue mobilisation, ensure efficient allocation and accountability for public resources so as to foster sustainable economic growth and development.

MANDATE

Formulate policies that enhance economic stability and development, Mobilise local and external financial resources for public expenditure, Regulate financial management and ensure efficiency in public expenditure, and Oversee national planning and strategic development initiatives for economic growth.

FOR MORE INFORMATION PLEASE CONTACT US

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