

**Republic of Uganda**

**Ministry of Health**

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**Uganda**

Ref: MRRH 1/7 December 10, 2020

The Permanent Secretary /

Secretary to the Treasury

Ministry of Finance, Planning & Economic Developed

P.O.Box 8147

Kampala, Uganda

**RESPONSES TO THE INTERNAL AUDIT FOR THE YEAR ENDED JUNE 2020**

Reference is made to your letter referenced IIA/50/260/01, dated 29th October, 2020 following an audit carried out by the Internal Audit Department in Financial Year 2019-2020 some issues were raised which included:-

1. Accumulation of domestic arrears UGX 1.224Bn
2. Delayed appointment of hospital board members
3. Lack of ICT guidelines and maintenance policy, as stated in your letter.

The attached is a report detailing the responses and action taken to all the issues that were raised. On the same note, all the Internal Audit recommendations were taken into consideration and are being implemented.

Dr. Barigye Celestine

**HOSPITAL DIRECTOR**

c.c Internal Auditor General

Internal Auditor – Mbarara Regional Referral Hospital

**A report showing a summary of issues that were raised by Internal Audit in Financial Year 2019-2020**

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| **S/n** | **Issue** | **Corrective Action** | **Management response** |
| 1 | **Accumulation of domestic arrears worth 1.224Bn**  Section 10.1.4 of Treasury Instruction 2017, states that “a vote enters into financial commitments whenever it makes an agreement which involves future financial payments. A vote shall make such commitments within its appropriated budget estimate limits (subject to the accounting warrants issued) and on the GFMIS.” However, during the review it was observed that hospital management had committed 1.224Bn above its warrants by end of July 2019 and 2,921,479,267 cumulatively. This undermines Government planning, budgeting process and leads to unauthorized debt. | Management is advised to always ensure that expenditure is based on the provided budget and approved warrants. | These domestic arrears are a cumulative figure from 2007 to date. However, the Hospital has been submitting to the Ministry of Finance and awaits release of funds to clear them. Pension arrears are usually paid when clearance is obtained from Ministry of Public Service as these are adequately budgeted for. Utilities; water and electricity may continue to rise due to the covid-19 outbreak. |
| 2 | **Delayed appointment of hospital board members**  Guidelines on Hospital Management Board for Referral hospitals requires that the Chairperson or any other member of the hospital board shall hold office for a term of not more than three years.  Internal audit observed that the term of office for the hospital management board had expired by May, 2019 and was yet to be renewed.  This implies that the hospital has been running without a board, to oversee all activities of the hospital. | The Accounting officer should liaise with the Minister of Health to appoint a substantive board as soon as possible. | As observed by the auditor, the term of office for the board expired and management duly communicated to the Hon Minister of Health. A follow up was made since new guidelines came on board for composition and appointment of board members.  The Minster of health sent letter to the various districts for nominations and the whole exercise was done.  By June 15th, 2020, respective appointments were made for the board members and all the ex-officio members.  The board has already been sworn in inaugurated and is set to begin conducting hospital business. |
| 3 | **Lack of ICT guidelines and maintenance policy**  The hospital and Government have invested heavily in ICT infrastructure including the introduction of Integrated Financial Management System, IPPS and the general ICT and internet system in the hospital. However there is no guidelines on maintenance and monitoring of IT use in the hospital. If ICT use is not monitored, it could lead to misuse which may result into cybercrimes. ICT policies and regulations help in ensuring that ICT Systems are used for their intended purposes, maintained effectively, establishing processes for addressing policy violations and sanctions for violators | Management should come up with clear guidelines to mitigate risks involved with IT as highlighted above | The hospital has an ICT policy that spells out the procedures and regulations for ICT systems however, the hospital establishment structure does not have an ICT officer to functionalise the policy.  The role was initially given to the Senior Medical records officer, who has been supporting management.  With the inception of USAID and Government of Uganda Funding, the hospital has been supported to recruit an ICT officer who is charged and responsible for ICT activities. The officer has already been taken through the policy and started supporting the hospital as he performs his duties. |
| 4 | **Non Maintenance a Utility Registers**  During the review, it was discovered that the hospital does not maintain a utility registers, best practice requires management to maintain a register of amounts invoiced, paid and the outstanding balances. A utility register also helps in monitoring utility consumption and identifying inaccuracies if any in billing and subsequent invoices by the utility companies. Without utility registers the hospital may ends up paying non reconciled or wrong bills | Management should urgently put in place utility registers as required by the Treasury Accounting Instructions and it is also advised to maintain and update the payment register of all utilities for the hospital.  Management should allocate a dedicated/committed staff in Accounts to reconcile utility bills timely especially that it takes a reasonable budget for the hospital | Management notes the audit concern. It is notable that initially, the hospital did not have a maintenance workshop that would be charged with these responsibilities since the hospital was under ministry of education. However, management has started operationalizing maintenance activities. There is an Electrician and Plumber who record the consumption of utilities especially power and water. This is now the basis for following up with the payments. Management further plans to strengthen the workshop activities for improved monitoring of utilities in the hospital and have a constantly up dated utilities register. |
| 5 | **Un-engraved assets**  During the audit it was noted that some assets at the regional referral hospital are not engraved. Best practice on public assets management require that every asset received or purchased must be given a unique number which must be engraved on the asset. The engraved number helps the entity to safeguard against the loss and helps in verification of existence of assets. Keeping un-engraved non-current assets weakens the entity’s internal controls regarding safeguarding the assets. The hospital assets may be stolen and it may take long before it is noticed implying that there is a risk of having assets on the paper when actually they do not exist. | The responsible officers should ensure that all hospital fixed assets are engraved. | Management notes the concern and this was mainly concerning the newly procured specialized equipment in isolation unit. The issue has been brought forward to the workshop team and the equipment has been engraved.  There is also an ongoing exercise of updating the assets register and this will help identify any assets that may not be engraved and they will be handled accordingly. |
| 6 | **UNDERSTAFFING**  According to Section (A-c), Paragraph 4 of the Uganda Public Service Standing Orders, 2010 states that “Any approved post for which funds are provided in the budget shall be submitted to the relevant Service Commission for filling within one month. In case the post is no longer critical in relation to the mandate of the Ministry or Department or Local Government, the Responsible Officer shall seek authority from the Responsible Permanent Secretary to either trade off or freeze or abolish the post”.  However, out of the 395 approved positions, only 302 positions were filled leaving 96 positions unfilled as shown in **Annex I.**  This heavily affects service delivery at the hospital given the fact that hospital is run on a shallow approved structure compared to the increasing number of patients | Management should liaise with responsible authorities to have vacant positions filled | Management takes note of this. Management submitted a request to recruit 32 staff the PS/MoPS. Authority was granted in a letter ARC 6/293/05 Vol. 39 dated 5th November, 2019 to recruit **32** to fill the vacant positions. This was based on the wage bill analysis which projected a saving of **UGX 453,086,050.** This wage could only support the recruitment of the stated number of staff**.** However, so far Ministry of Health has deployed **20** staff out of the **32** declared positions. Therefore, issue of under staffing can be squarely addressed by enhancing the amount of wage allocated to the hospital and finalizing the review of the establishment structure of the hospital which is lean. |
| 7 | **Lack of key documents on personnel files**  Records management procedures requires both confidential and open records of public officers to include among others extracts of service commissions minutes, letters of appointment, acceptance of offer of appointment, signed service agreement forms, approved leave forms, copies of academic qualifications and professional certificates, official Oath of secrecy and application forms with a passport size photograph. However contrary to this established requirement, Internal Audit obtained and verified **39** files and found out that all the files are incomplete as per **Annex II** attached | Management should that all personnel files are updated with all relevant documents. | Management takes note of this. However, Management through the HRM section commenced the review of all personal files for all staff in bid to identify the mandatory personnel records which are missing. This in accordance with the Standard check list issued by MoPS. The purpose of this exercise is to identify files with incomplete records and request the affected staff to submit copies of the missing documents so that their files are updated. |
| 8 | **Absence of appraisal forms on personnel file**  Section 14 of the Public Service Standing Orders (A-M) states that “A staff performance appraisal report form shall be completed for each pensionable and non-pensionable officer and a copy submitted to the Responsible Permanent Secretary, as follows:- (a) For a confirmed officer and those on contract terms in Ministries or Local Governments, by 30th of June of every financial year; (b) For a confirmed officer and those on contract terms in the Education Service, by 31st December every year; (c) For an officer on probation every three (3) months with effect from the date of assumption of duty”.  However, during the review of 80 files sampled, the following was observed   |  |  |  | | --- | --- | --- | | S/N | NO. OF FILES | REMARKS | | 1 | 56 | Un updated | | 2 | 8 | Appraisals filled and approved for a period that is not yet completed | | 3 | 16 | Filled | |  | 80 | Total |   This implies that staff members do not fill the forms on time thus making it hard to assess staff performance in relation to the objectives, activities, outputs and targets of the job for a specific period. This may also hamper staff development and improvement in Hospital performance. | Management should ensure that all employees get appraised and copies attached in individual-files as per the requirements of the law. | Management takes note of this. However, at the time of audit, the HRM Section was receiving submissions of appraisal forms from the various Heads of Department. So far 165 appraisal forms have been submitted. However, Management is going to institute a mechanism in place that ensures the various Heads of Department adhere to the time line issued by Ministry of Public Service under Circular Standing Instructions ( C.S.I) No. 1 of 2011 on Performance Management and Rewards and Sanctions framework. |
| 9 | **Re-testing of drivers and initial competence test**  The Uganda Public Service Standing orders section 14(d-e) provides that a Government driver shall be re- tested periodically every three years, on traffic regulations including traffic signs and shall have valid driving permits.  “A new Government driver prior to assumption of duty shall undergo a driving test by the Chief Mechanical Engineer”.  Out of the 5 drivers whose files were reviewed, only three had undergone the initial driving test. All the 5 drivers’ files had no evidence of ever being retested.  When drivers are re-tested, it helps to keep them up-to the job. | It is recommended all drivers are re-tested by the Inspector of Vehicles. All those who have never undergone the competence driving test, should immediately be taken to the Ministry of Works and Transport. | Management notes the concern and is going to arrange for the retesting of the drivers as recommended by the Auditor within the quarter. |
| 10 | **Training of drivers**  The Public Service standing orders provide that a government employee shall be required to undergo periodic training including defensive driving at a recognized training institute. During the review it was observed that drivers have never been trained on both traffic and emergency handling.  For personnel as critical as drivers, these trainings must be done to ensure safety of patients and other staff. | I recommend that all drivers undergo this training as soon as funds are available. | Management notes the audit concern. Two drivers under went special training for Ambulance driving and the other three were in plan but the training was postponed. Management will re-engage and follow up with Police Traffic to have this done for all the drivers. |
| 11 | **Failure by drivers to update the logbooks**  The Uganda Public Service Standing orders section 7(g) states that “every Government vehicle shall have a log book in which the driver records all the journeys made”. Each journey entered into the log book shall be certified by an authorized officer by countersigning against each entry.  It was however noted that out 11 Hospital vehicles, only 9 had log books which are also not updated. When logbooks are not used appropriately, it becomes difficult to confirm whether all the journeys made are authorized. Furthermore management may fail to properly control fuel usage. | All drivers should always fill the log books at the start and end of Journeys. | The drivers were taken through this exercise and the log books are being up dated accordingly |