



Transforming into A centre of excellence



Annual **REPORT**

2015/2016

www.jms.co.ug

Isaiah 23:18

The money she earns by commerce will be dedicated to the Lord.
She will not store it away, but those who worship the Lord will use her
money to buy the food and clothing they need.

**H.E. Yoweri Kaguta Museveni, President of the
Republic of Uganda launches the JMS Mbarara
Branch in March 2016.**



Table of Contents

LIST OF ACRONYMS

iv

ABOUT JMS

v

JMS CORE VALUES

vi

1

TRANSFORMATION: PROMOTING SUSTAINABILITY AND GROWTH 10

- 1a) Distinct Customer Services 10
- 1b) Achieving excellence; bringing services closer to the people 11
- 1c) Strategies used to enhance the JMS Brand Equity 12

2

EXCELLENCE: QUALITY PRODUCTS AND SERVICES 13

- 2.1 Quality Storage of Essential Health Supplies. 13
- 2.2 Quality assurance 13
- 2.3 Supplier audits 14
- 2.4 Capacity Building: Empowering facilities 15
- 2.5 Information Communication Technology (ICT) 17
- 2.6 Biomedical Equipment Technical Services 17
- 2.7 Monitoring and Evaluation 18

3

PROCUREMENT 19

4

STRATEGIC PARTNERSHIPS AND COLLABORATIONS 21

- 4.1) Support to The Government Programs (Donor Funded Projects) 21
- 4.2) JMS hosts the regional EPN Minilab Conference 22
- 4.3) Other Key Strategic Collaborations, Partnerships and tenders 23
- 4.4) Spreading the Love - Corporate Social Responsibility 24

5

RISK MANAGEMENT AND GOVERNANCE SYSTEMS 25

6

FINANCE AND ADMINISTRATION 26

- 6.1 Audited Financial statements 26
- 6.2 Administration 28

ANNEX 1: JMS Board of Trustees, Board of Directors and Board Committees as at 30th June 2016 29

ANNEX 2: Joint Medical Store Management as at 30th June 2016 30

List of **Acronyms**

ACT	Artemisin Combination Therapy	MHU	Member Health Unit
AIDS	Acquired Immune Deficiency Syndrome	MIS	Management Information System
ART	Antiretroviral Therapy	Mn	Million
ARV	Antiretroviral	MoH	Ministry of Health
Bn	Billion	MoU	Memorandum of Understanding
BoD	Board of Directors	MR	Medical Representative
CHAI	Clinton Health Association Initiatives	NDA	National Drug Authority
CoU	Church of Uganda	NGO	Non Governmental Organization
DHCs	Diocesan Health Coordinators	PNFP	Private not for profit
DIFAEM	The German Institute for Medical Mission	PR	Public Relations
DRC	Democratic Republic of Congo	QA	Quality Assurance
DJMS	Diocese of Jinja Medical Services	QMS	Quality Management System
D2V	Direct to vendor Sourcing	RCD	Regional Customer Day
EOI	Expression of Interest	SCMS	Supply Chain Management System
EPN	Ecumenical Pharmaceutical Network	SKU	Stock Keeping Unit
EU	European Union	SOP	Standard Operating Procedure
FEFO	First Expire First Out	SPARS	Supervision Performance and Recognition Strategy
GDP	Good Distribution Practice	SSFFC	Suspected/Spurious/Falsified-labelled/ Falsified/Counterfeit
GLP	Good Laboratory Practice	TASO	The AIDS Support Organisation
DRC	Democratic Republic of Congo	UCMB	Uganda Catholic Medical Bureau
GMP	Good Manufacturing Practice	UPDF	Uganda Peoples' Defence Forces
GSM	Global System for Mobile Communication	UGX	Uganda Shillings
GSP	Good Storage Practice	UMMB	Uganda Muslim Medical Bureau
HIV	Human Immune-deficiency virus	UOMB	Uganda Orthodox Medical Bureau
ISO	International Standard Organization	UPMB	Uganda Protestant Medical Bureau
IT	Information Technology	USAID	United States Aid for International Development
JMS	Joint Medical Store	VPL	Virika Pharmaceuticals Limited
M & E	Monitoring and Evaluation	WHO	World Health Organization
MeTA	Medicines Transparency Alliance		
MF	Manager Finance		



About JMS

JMS is the leading and oldest private pharmaceutical store in Uganda. Established in 1979 by the Uganda Catholic Medical Bureau and the Uganda Protestant Medical Bureau as body Corporate under the Trustees Incorporation Act Cap 165, JMS is licensed by National Drug Authority to engage in the import, export, wholesale and distribution of Medicines and related health supplies. JMS supplies reliable health supplies to over 1500 facilities all over Uganda.

Vision

To be the leading and closest provider of Quality Health Supplies for the Glory of God.

Mission

To supply medicines, medical equipment and related health care services and training of assured quality to the people of Uganda at affordable prices assuring a preferential position for health units accredited to the Uganda Catholic Medical Bureau (UCMB) and Uganda Protestant Medical Bureau (UPMB).

Winning aspiration

The leading provider of quality health products and services with the highest customer satisfaction, client loyalty and repeat business in our industry

Strategic Objectives

1. Effective Communication (Lobbying, Marketing, PR) and partnerships
2. Quality products and services
3. Sustainable and growing business
4. Effective governance and risk management
5. Distinct customer care and aftersales services



Staff Fellowshiping during the weekly devotion sessions held every Wednesday.

CORE VALUES





FOREWORD BY THE CHAIRMAN, BOARD OF DIRECTORS

We thank and bless the Lord for bringing us this far. On behalf of the board of directors allow me start by remembering our fallen hero Prof. A.M Odonga whose legacy shall live on forever. As one of the founding members of Trustees at JMS, Prof's guidance continues to shine bright illuminating the strategic path of JMS. We thank God for placing him along the JMS journey that has saved many lives in Uganda through Reliable Health Solutions.

2015/16 was a memorable year not just for JMS but also the health facilities in the western region. JMS launched its custom made new branch in Mbarara. Inaugurated by the His Excellency the President Yoweri Kaguta Museveni and blessed by Arch Bishop the Rt. Rev Paul .K. Bakyenga and the Rt. Rev. Fred Sheldon Mwesigwa, the branch was declared open. We thank all the dignitaries that turned up to witness this historical milestone.

Join me in acknowledging the government of Uganda for the support it has extended to Joint Medical Store. This support has enabled private

public partnerships like Joint Medical Store become a reality. During the visit by H.E Yoweri Kaguta Museveni in March, he expressed wonder regarding the fruits bore by the joint partnership by the Catholic and Protestant Churches. Just like Jesus, the church is ready to team up with vast partners to ensure that all Ugandans gain access to reliable health solutions.

This achievement would remain only but a promise if not for the unending support extended to JMS by the accredited facilities. As the JMS mission beckons, the existence of JMS primarily lies on the pledge to provide preferential treatment in delivering goods and services to accredited units. This year, am glad to inform you that the contribution of accredited units has improved significantly. Together, we shall work together to ensure

Ugandans receive quality health services that shall foster the gift of life that God gave us.

I also thank the Non-Governmental Organisations and Private Not for Profit facilities that have spread the gift of hope by joining hands with JMS to extend Hope and Belief among Ugandans. Your unwavering support has enabled many Ugandans with access affordable quality drugs.

Vision and strategy without focused passionate foot soldiers are as good as wishes. We would like to commend the tireless efforts by the management and staff of JMS. We thank you for living the JMS values that have increased customer satisfaction and in turn sales each year.

As we embark on yet another year, I request that we all renew our promise to Ugandans. Let us work hard towards leaving a mark on Ugandans especially the vulnerable and under privileged that are limited from accessing quality services.

To all the JMS stakeholders, 2016/17 is an opportunity to show Ugandans that we are all bound by the golden rule that beckons us to love one another. The year 2016/17 is another page that we have been blessed with. What we choose to write on that page should have a positive impact on the lives of Ugandans.

Mr. Rhobert Korutaro
Chairperson of the Board of Directors



The President of Uganda His Excellency Yoweri Kaguta Museveni planting a memorial tree during the opening of Mbarara Branch.



Message from THE EXECUTIVE DIRECTOR

It is always a pleasure writing this foreword every year. Data has shown that many Ugandan enterprises do not leave to see their first birthday. Reflecting on this, JMS celebrated its 37th birthday. The journey has not been straight, the guidance of the lord smoothened it all the way.

I convey my special thanks to the Board of Trustees and the Board of Directors whose unwavering support has continued to usher JMS to greater heights. Your vast knowledge has guided JMS to a customer centric organisation that puts the patients our end users at the fore front of all decisions made.

In this vein, I also thank the entire management and staff of JMS for choosing to be part of the JMS family during the various stages of their careers. During this financial year, we underwent a period of restructuring as part of the transformation process. A year later, am glad to note that it is paying off. I thank the JMS staff for their various sacrifices and uttermost passion for JMS and its contribution to society.

The year 2015/16 was characterised with embracing and managing change. This came with lots of transformation that is gladly paying off enabling us serve even more health facilities and in turn many more Ugandans. During the year in question, JMS delivered 1,744 orders in 220,000 kilometers across the country using state-of-the-art resources reaching over 3000 facilities. Partnering with the government of Uganda and other donors, we distributed USD 10,628,797.67 worth of ARVs. This included adult and pediatric lines of ARVs. Other donor items distributed included Anti Malarials and mosquito nets.

To empower health workers with skills to quantify and predict stock utilization, JMS provided technical assistance that increased timely reporting from 74% to 92%. We thank the Uganda Health Supply Chain for the enormous support provided.

To improve our efficiency and service delivery, JMS opened a new home in Mbarara to serve the western region of Uganda. This reduced the lead time

and enabling JMS deliver emergency products timely. To further actualize the JMS vision of being the leading closest provider of quality health supplies, JMS added Virika Pharmaceuticals Limited (VPL), Diocese of Jinja Medical Services (DJMS) and Pepacare Maracha Hospital Limited to Diocese of Masaka Medical Services to the network of distributors. We give the glory back to God.

During the year 2015/16, JMS took the decision of venturing into Manufacturing of drugs to counter the challenge of price changes as a result of foreign currency fluctuations. In the next financial year 2016/17 steps shall be made to implement this.

We invite our stakeholders that have always journeyed with us to walk with us as we usher JMS from good to great. God bless you.

Dr. Bildard Baguma
Executive Director

1,744 ORDERS Delivered
220,000 KM Across the country
Reaching over **3000 FACILITIES.**



ARVs worth **USD 10,628,797.67**
Distributed. (These included adult and pediatric lines of ARVs.)



TIMELY REPORTING

Timely reporting from 74% to **92%**

2015/16



2015/2016 In Numbers

81% Performance level against the target

\$22.4 Million Average inventory holding throughout the year

14,571 orders processed, **50.4%** were small orders.

89.4% of the small orders were done in
30 minutes from order confirmation.

73.3% Confirmation rate and **93.8%** service level.

1 Branch opened in Mbarara

2 other distributors launched that is VPL and DJMS

95% timely deliveries were made to the last mile

1,744 Orders delivered

220,000 KM across the country using state-of-the-art resources

22 Suppliers were audited for their compliance to GDP,

14 Manufacturers were audited for GMP

2 Analytical laboratories were audited for compliance to GLP.

300 Health facilities were trained

117 Hospitals and health facilities across the country visited for installation, service, repair or assessment of medical equipment

USD 10,628,797.67 Worth of ARVs distributed to Health Facilities in financial year 2015-16

ARVs

92% facility reporting

285 facilities supplied

76% quality reports

229 facilities in 80 districts were offered technical assistance



ACTs

3,337,620 doses of ACTs to 746 facilities in 112 districts

3,240,522 nets distributed (62% to public facilities)

8411 orders for ACTs, nets, malaria test kits



Staff

106 contractual staff,

13 medical representatives and

10 graduate trainees

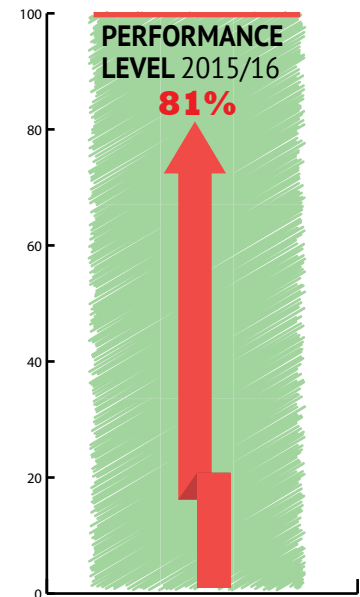
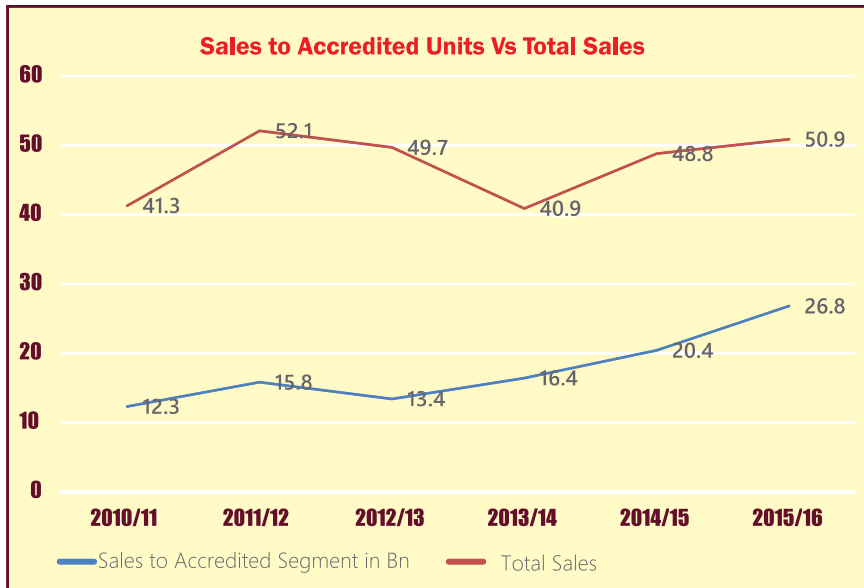
1

TRANSFORMATION:

Promoting Sustainability and Growth

We registered 81% performance level against the target. JMS witnessed a record 53% contribution to total sales from the accredited units which is a landmark achievement.

Table 1: SALES PERFORMANCE FOR THE LAST 6 YEARS



1a) DISTINCT CUSTOMER SERVICES

The Directorate of Customer Service was established to provide clear, accurate and timely response to customer inquiries and distinct customer care services. Through continuous engagement of customers to understand their needs, a system of receiving inquiries through multimedia platforms was developed.

These included the toll free line 0800123124, Social Media platforms like Facebook and Twitter, Emails, Website and Text sms. During the year, all our customers received the weekly email that consisted of JMS updates and the weekly price list. All these platforms increased customer engagement, effective communication and in turn customer satisfaction.

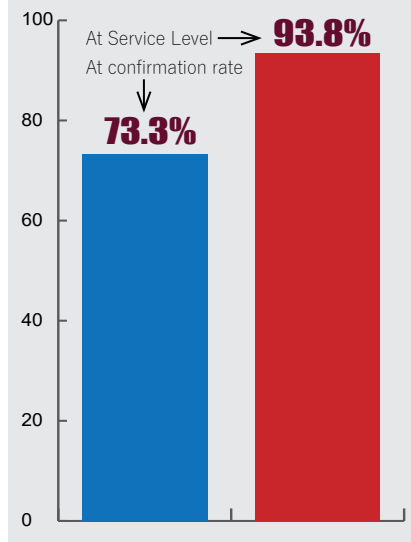
20,027 inquiries were received and responded to by the Customer Relations team at a confirmation rate of 73.3% and 93.8% service level.

Customized services were piloted in four major hospitals in order to provide responsive and distinct customer service. As a result, this will be rolled out to other hospitals. The team worked tirelessly to ensure that the delivered services met customers' expectation.

With a team of 13 medical representatives in the field, effective communication with customers was enhanced.

20,027

Inquiries received and responded to



1b) ACHIEVING EXCELLENCE; bringing services closer to the people

Psalm 95:2

Let us come before him with thanksgiving and extol him with music and song.

95% timely deliveries were made to the last mile. JMS navigated 220,000 kilometers across the country to deliver 1,744 orders using state-of-the-art resources including trucks, vans, motorcycles and validated temperature regulated cold chain trucks.

As a result of the strategic partnerships with fleet management companies and distribution outlets, JMS is now able to respond quickly to the ever expanding client needs and emergency drug requests.

EXPANDING OUR REACH

1. JMS Opens Mbarara Branch

In March 2016, JMS hosted the President of Uganda H.E Yoweri Kaguta Museveni at the inauguration of the JMS Mbarara Branch. *"Looking at this achievement am glad that the church is jointly working together to develop the country"* Pres. Museveni expressed his wonder as he toured the JMS warehouse in Mbarara that he opened on 5th March 2016.

Over 100 dignitaries ranging from Ministers Hon. Elioda Tumwesigye - former Minister of Health and State Minister for Animal Industry Hon. Bright Rwamirama, Rt. Rev. Dr. Sheldon Frederick Mwesigwa- Bishop Ankole Diocese, most Rev. Paul K. Bakyenga- the Arch Bishop of Mbarara Arch Diocese, Health officers, customers and the press had gathered to witness this historical milestone.

The Mbarara branch was then declared open by HE. President Museveni. The branch serves health facilities in the western region with not only quality health supplies but also customised pharmaceutical warehousing services.



Top Left: The President of Uganda His Excellency Yoweri Kaguta Museveni cuts the tape declaring the Mbarara Branch open.

Top Right: The state of the art Mbarara Branch.

Below: Left; The president plants a historical tree in memory of the grand milestone.

Right; The president poses for a group photo with members of the JMS board, executive director and members of the clergy.

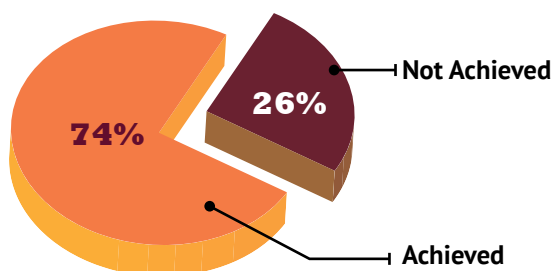


ii) Distributorship Outlets

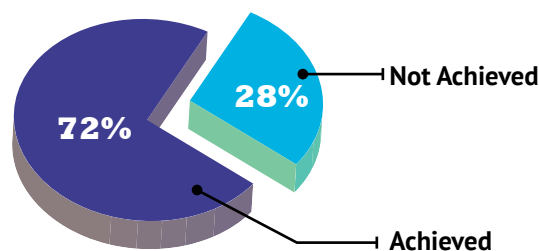
To actualize its vision, JMS expanded its network using distributorship outlets around the country. During the year, JMS launched Virika Pharmaceuticals Limited to serve the Rwenzori Region and Diocese of Jinja Medical Services for the Eastern region. These join Masaka Diocesan Medical Services and Pepacare Maracha Hospital Limited that serve the greater Masaka and West Nile regions respectively.

The distributorship system has reduced the lead time and enhanced the distribution of emergency products. Also, this system has created a leaner process by reducing transport costs incurred hence leading to efficiency and better service delivery. Below are charts showing performance of the distribution outlets for the year.

**PEPACARE Outlet Performance
FY 2015/16**



**MASAKA DIOCESE Medical Store Outlet
FY 2015/16**



1c) STRATEGIES USED TO ENHANCE THE JMS BRAND EQUITY

	STRATEGY	IMPACT
1	Key Account Management	Special focus on accredited units led to 53% sales contribution compared to 40% in the previous year. Most of the accredited Hospitals were targeted with needs assessment and progressively their expenditure at JMS improved.
2	New Customers Recruitment	347 new customers recruited which contributed 1.8bn sales revenue. 71 were accredited units and contributed 183m shs.
3	MoU Partnership	Signed up 13 MoUs with Hospitals, 3 Government Referral Hospitals Private Wings and 2 NGOs
4	Capacity Building	Conducted Technical Assistance for 3 rd party commodity beneficiaries and this raised reporting rate from 64% to 92% per cycle.
5	Branding & Communication	Branded 11 distribution trucks, provided 15 directional signages to accredited hospitals. This increased visibility. Provided real time updates to the over 1300 JMS followers on Facebook.
6	Door to Door Personal Selling	Employed 13 medical representatives. The MRs created good relationship with our customers and coordinated deliveries of orders that hitherto would go to the nearby pharmacies.
7	Networking and Business Promotion	2 Regional Customer Days held in Mbale and Arua. 7 Exhibitions were conducted. These improved our relationship with customers.
8	Business Incubation	<p>To increase diagnostic medical services, we engaged hospital management leading to increment in sales for critical medical equipment JMS pledged to maintain and service equipment bought at JMS for its entire lifetime.</p> <p>BMT Strategy - Rolled out the Biomedical support supervision routine plan. Serviced and Maintained all medical equipment bought at JMS.</p> <p>Designed a flexible hire purchase policy with soft payment terms for medical equipment.</p> <p>D2V - 6 Partners have expressed willingness to work with JMS</p> <p>LTR - Held discussions with the suppliers to appoint JMS as the regional and national technical representative.</p> <p>6 manufacturers signed MoUs. This will eliminate third parties and enable JMS to negotiate the best prices.</p>

2

EXCELLENCE: Quality Products and Services

JMS maintained the ISO certification status. The surveillance audit carried out in February 2016 indicated that JMS was satisfying the requirements for certification. The process to transition to the new ISO 9001:2015 was initiated leading to review and development of the quality policy and other QMS related documents.

2.1 QUALITY STORAGE OF ESSENTIAL HEALTH SUPPLIES

JMS has state-of-the-art warehousing facilities offering storage, real-time inventory management and cold-chain capabilities for essential health products. The warehousing system consists of four modern warehouse facilities with 3 located in the central business district of Kampala and one in Mbarara. FY2015-16 saw the birth of the warehouse in Mbarara with 1500 pallet positions planned to serve Western Uganda.

All warehouses conform to international best practices of Good Storage Practices for pharmaceutical products and have a Quality Management System based on ISO 9001:2008 framework. They are also licensed and certified by the National Drug Authority. Average inventory holding throughout the year was \$22.4 Million



4 Pharmaceutical Warehouses (2 Nsambya, Mbarara, 1 Luzira, Mbarara)

Pallet positions; 6600 in Kampala, 1500 Mbarara. 82% utilization of Warehouse space, volume handled 21643m³

257 cubic metres of cold chain storage

Modern handling equipment - forklifts, stackers, hand pallet truck)

Enterprise Resource Planning system called Industrial Financial Services (IFS) which facilitates order processing, inventory management (stock positioning, stock rotation and first-expiry-first out.

Temperature control and monitoring.

Out of the 14,571 orders processed, 50.4% were small orders. 89.4% of the small orders were done in 30 minutes from order confirmation. 99% of the medium & large orders were processed in 24 hours.

2.2 QUALITY ASSURANCE

The mandate of JMS Quality Assurance department is to maintain the desired level of quality in the JMS services and products at the different stages of product and service delivery. JMS has been able to prevent, detect, intercept, and isolate substandard and poorly performing products as well as avoid and minimize problems during delivery of solutions and services to customers.



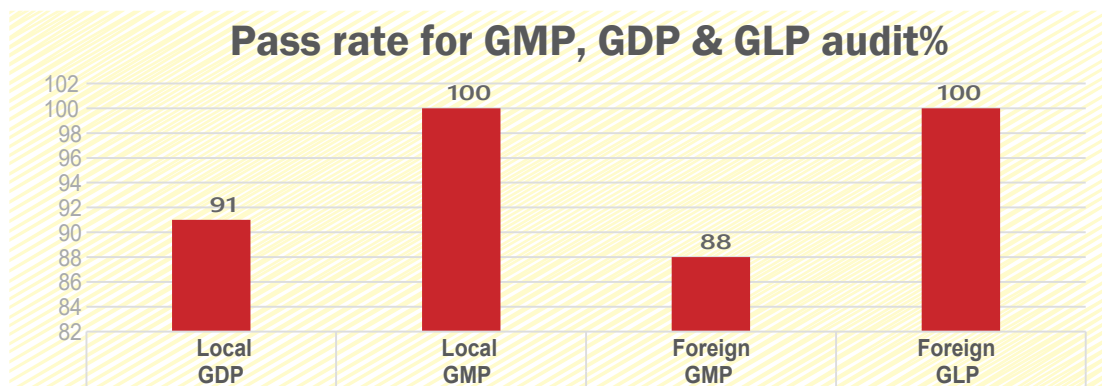
Above: The Quality Assurance Officer checking the readings of the I-button. The device monitors the temperature in the JMS warehouses and cold rooms every 10 minutes to ensure that the health supplies are kept under the required conditions.



2.3 SUPPLIER AUDITS

JMS carried out supplier audits to confirm that the systems, processes, methods, procedures, equipment, people, materials and environment used for production, quality testing, and storage of pharmaceutical and medical supplies meet the required standards.

Twenty-two suppliers were audited for their compliance to good distribution practices, fourteen manufacturers were audited for compliance to good manufacturing practice and two analytical laboratories were audited for compliance to good laboratory practice. The pass rate for the three types of audit is indicated in the figure below.



Above: Pass rates for GMP, GDP and GLP audits carried out at JMS during FY 2015/16

Product quality inspection and analysis

The QA unit handled over 4000 inbound distinct lots and batches of pharmaceuticals, diagnostics, equipment and medical sundries. The items were assessed and analysed for defects and abnormal chemical composition using advance, validated methods and protocols according to the JMS Standard Operating Procedure. Products that did not meet the specifications were rejected. As per the graph below it is evident that the quality assurance systems for supplier audits and prequalification were effective, given the small proportion of receipts that were rejected due to not meeting the requirements.

Environmental control and monitoring

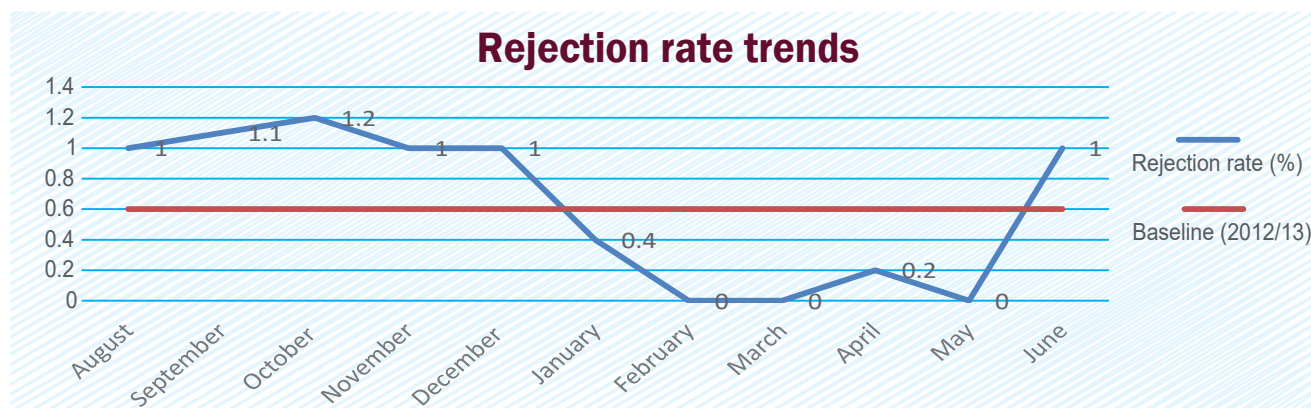
JMS maintained appropriate infrastructure and systems to ensure optimal storage conditions for the pharmaceuticals and other medical supplies. In this way the products exposure to adverse environmental conditions like heat, light, and humidity were limited thereby maintaining their therapeutic and clinical usefulness. The QA team used state of the art precision devices such as data loggers and GSM alert systems, to monitor and control temperature within the storage locations.

Validation of customer consignments

The QA team used advanced protocols and techniques to validate customer consignments before dispatch from the warehouse. Discrepancies were identified and rectified before the items were released for delivery to the customer. Corrective actions undertaken resulted into improvement in the picking accuracy.

Post market surveillance

The QA team monitored performance of the products after delivery to the customer. Technical complaints were fully investigated and resolved as per the standard operating procedures. In all cases corrective actions were taken and where necessary the products were recalled from the market. Due to supplier audits, prequalification and stringent inspection at receipt and control of storage conditions, product quality complaints were minimized and recalls were kept very low.



Above: Graph showing the proportion of items rejected at receipt due to not meeting requirements

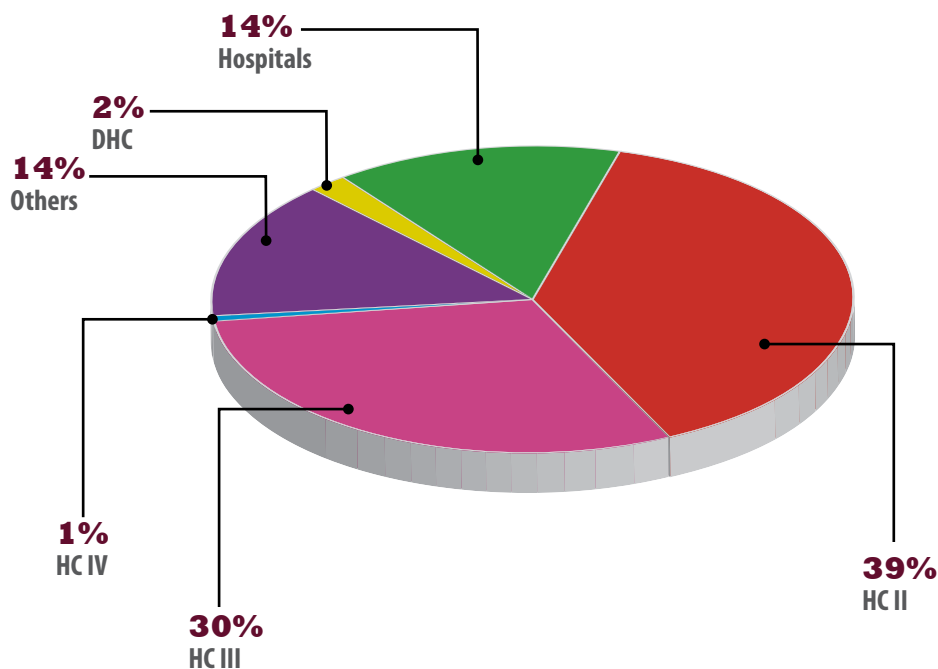
2.4 CAPACITY BUILDING: EMPOWERING FACILITIES

A total of 300 health facilities were trained in medical logistics, stock management, stores management, healthcare accounting and customer care in the health care setting. Three hospitals received onsite training of which two were on customer care training and one on stock management. Nine hospitals received onsite training of users of medical equipment. Thirteen hospital technicians were trained.

Notably, this financial year, the capacity building plan was reviewed resulting to more comprehensive training. In addition to medicines management module, Health care accounting and customer care modules were also integrated. Though the number of facilities trained reduced from 349 to 300, the review improved the quality of the programme.



Accredited health facilities in Eastern Uganda attending a capacity building session in March



Above; Pie Chart showing capacity building training provided to the different levels of health care facilities



Above: the total number of health facilities trained over the years

2.5 INFORMATION COMMUNICATION TECHNOLOGY - ICT

Through the ICT department, the mobile money account was created for the under-banked areas. Optimization of IFS functionality and usage was maintained through training and customization. Usage of the IFS ERP was further optimized through improved communication with users and the ERP provider.

A number of projects were undertaken to improve communication with customers and handling of data. These were PBX, Avaya IP desk top phones, email signatures, configuration of the E1 line, e-mail broadcast system, increased band width, and LAN extension.

Installation and roll out of PBX (private branch exchange) telephone system that switches calls between enterprise users on local lines while allowing all users to share a certain number of external phone lines. The Avaya IP desktop phones were installed and made functional.

In preparation for the roll out of the Rx solutions software in hospitals, key staff from the technical services and customer services directorates were trained on use and administration of Rx solutions software.

2.6 BIOMEDICAL EQUIPMENT TECHNICAL SERVICES



JMS is the sole distributor of the Universal Anesthesia Machine. JMS bio medical technician (checked shirt) installs and trains a team from Kindu Referral Hospital in Congo on the Universal Anesthesia Machine.

Through strategic partnerships, 30 hospitals received the universal Anaesthesia machine. The machine is suitable for hospitals in remote parts of the country where 60% of the JMS customers are located.

Hospital medical equipment assessments

Assessment was carried out in 65 accredited and other hospitals. The findings indicated that there has been reasonable improvement from the last decade when the proportion of functional equipment was below 50%

	STATUS	Number	Percentage
1	Functional	7837	76.0
2	New machine is required	785	7.6
3	Spoilt but repairable	674	6.5
4	Functional but requires improvement	527	5.1
5	Non functional	346	3.35
6	Damaged beyond repair	78	0.8
7	Outdated	76	0.7

As a result of the assessment, a market activation plan was developed with a specifically designed package of services and a support supervision plan.

Site visits were made to 117 hospitals and health facilities across the country for installation, service, repair or assessment of equipment. This site-based strategy enabled a number of health facilities to benefit from the JMS biomedical equipment services.

2.7 MONITORING AND EVALUATION

Through monitoring and evaluation, JMS strategic and operational indicators were reviewed and realigned with the new strategic plan. Following this realignment, dash boards will be designed for the board and management. The M & E unit provided support in monitoring of the last mile delivery system as indicated by the table below>



3

PROCUREMENT

STOCK AVAILABILITY

The procurement section is mandated to ensure that JMS has enough stock levels to respond to the needs of the health facilities. On average, the team took 9 days to replenish health supplies sourced locally and 59 days for the foreign consignments. Internationally, consignments were sourced from Italy, United Kingdom, Malaysia, India, Pakistan and Denmark among many others. During the financial year 2015/16 the team achieved the following stock levels against a target of 95%;

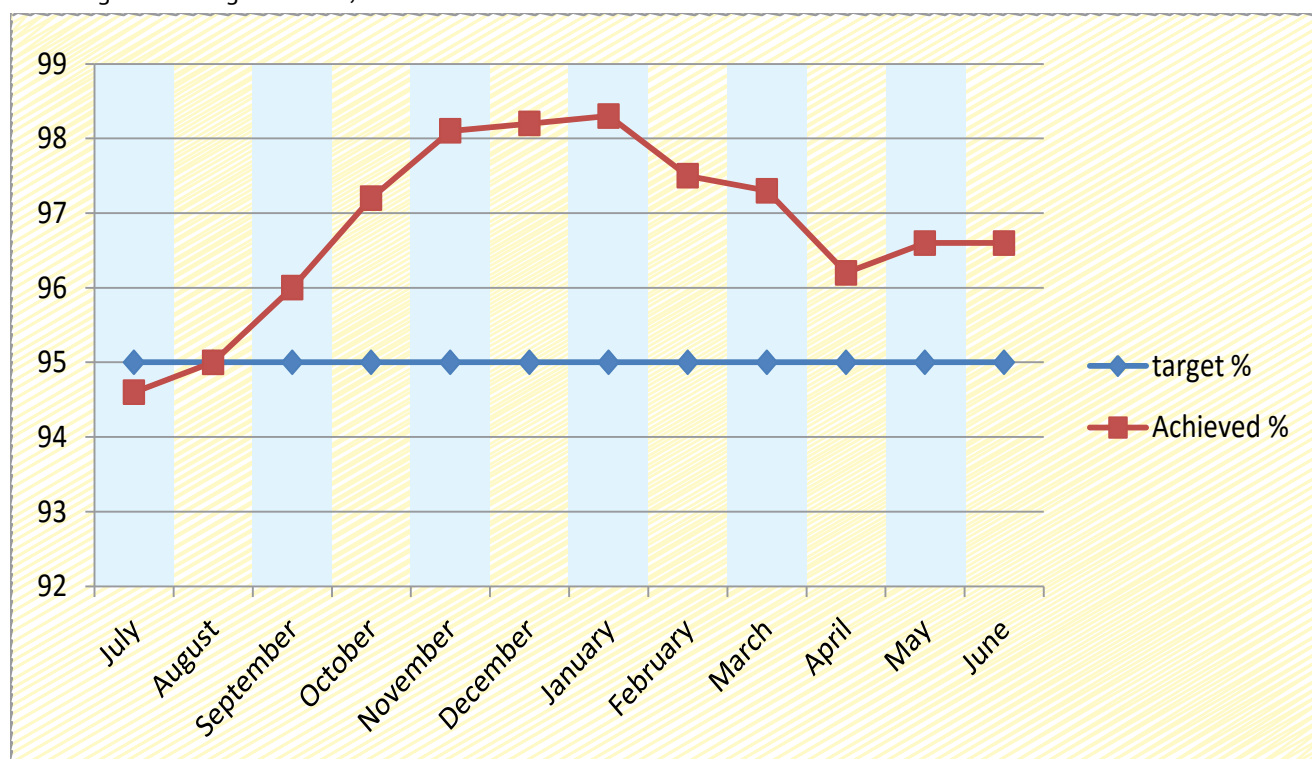


Fig 1: Stock availability July 2015-June 2016

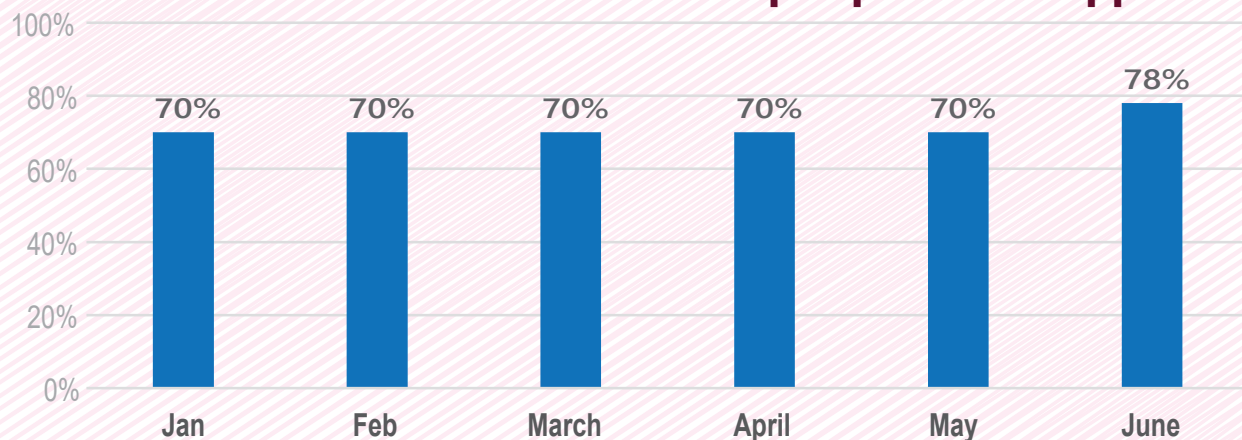
D2V sourcing

A number of manufacturers identified for this engagement were visited for negotiations. 6 manufacturers have so far expressed willingness to partner with JMS under this arrangement. Discussions to implement the partnership were initiated by the Directorate of Business Development and Procurement. Two manufacturers have so far appointed JMS as their local technical representative

Supplier prequalification

The QA team organized a series of prequalification sessions where a number of dossiers from suppliers were assessed. Through these sessions, the proportion of stock products with at least three suppliers was raised to 78% as per the figure below.

% of stock items with at least three prequalified suppliers



Above: Percentage of stock items with at least 3 prequalified suppliers

Consignment Stocking (Cs):

Consignment stock arrangement remained one of the significant strategies that led to increased stock availability with limited risk and storage costs as replenishment was based on consumption. This reduced our stock holding costs since 92% of what came in was sold out. Below is the value of stock that came in under this arrangement;

July 2015-June 2016 (million)		
No	Value/Ugx Bn	
1	Purchases	7,444
2	Sales	6,848

Table 1: Consignment stock value

SPECIAL ORDERS:

This has continued to be a great service to our Health facilities because it supported them to access highly specialised products that are not easily available in the local market. This procurement service has continued to grow annually. This year emergency and highly specialised health supplies worth 2,224,204,164 UGX were purchased. As an outcome, a desk of 2 dedicated personnel has been created to always respond to the special orders with agility.

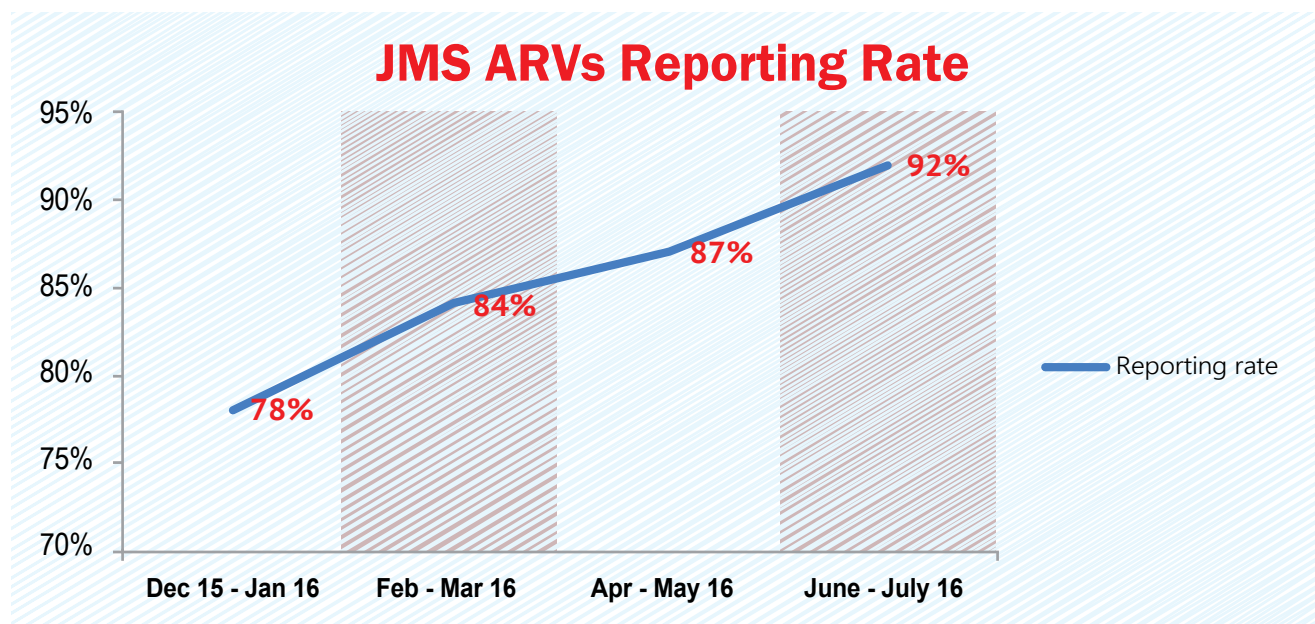
4

Strategic Partnerships & Collaborations

4.1 SUPPORT TO THE GOVERNMENT PROGRAMS (DONOR FUNDED PRODUCTS)

JMS was awarded a 5-year contract from 2011 to 2016 through USAID to warehouse and distribute ARVs. With the supply chain rationalization for HIV/AIDS-related commodities, JMS was allocated 348 health facilities with only 285 in active ART services. These provide ARVs to over 80,537 patients across 80 districts.

ARVs



- 92% facility reporting
- 4732 orders for ARVs & laboratory re-agents & test kits
- 285 facilities supplied
- 76% quality reports
- Offered technical assistance to 229 facilities in 80 districts

ACTs

- 3,337,620 doses of ACTs to 746 facilities in 112 districts
- 3,240,522 nets distributed (62% to public facilities)
- 8411 orders for ACTs, nets, malaria test kits

JMS has distributed USD 1,104,736.27 worth of Pediatric 1st line, USD 103,946.4 worth of Pediatric 2nd line, and USD worth of 1st line Adult ARVs \$8,121,352 and \$1,298,763 worth of 2nd line adult ARVs. The cumulative value of ARVs distributed to Health Facilities in financial year 2015-16 was USD 10,628,797.67.

JMS supports the distribution of Safe Male Circumcision (SMC) kits as one of the measures to promote Voluntary Medical Male Circumcision (VMMC).

Transforming facilities through Technical Assistance- Sustainability (Trends report)

Inventory management; 227 facilities received Technical Assistance. 81% of the health facilities trained are adhering to the good Inventory management practices. This is an improvement from 65% when the exercise started last financial year (16% improvement).

Timely reporting; There was a sharp improvement in the timely reporting rate from 74% to 92%. (18% improvement). Timely reporting entails complying with the published delivery schedule.

Online Ordering; Out of the 308 facilities supplied with donor funded commodities from JMS, 293 facilities have embraced e-ordering.

4.2 JMS HOSTS THE REGIONAL EPN MINILAB CONFERENCE

JMS hosted the 2nd Minilab Workshop in Kampala from 23rd to 24th November 2015. The workshop was organized by the German Institute for Medical Mission-DIFAEM and Ecumenical Pharmaceutical Network –EPN. During the workshop, the participants discovered new ways of sharing results of analytical tests conducted using the minilab in real time. Better utilization of the Minilab is now possible with more accurate results. This is because validation of analysed tests can be compared across the region.



A group photo of the participants that included teams from MEDS Kenya, CADIMEBU from DRC, LifeNet from Burundi, CBCHS from Cameroon, CHAN MEDIPHARM from Nigeria



Participants of the Regional Minilab Workshop listening to a presentation by DIFAEM's Albert Petersen.

4.3 OTHER KEY STRATEGIC COLLABORATIONS, PARTNERSHIPS AND TENDERS

During the year, JMS collaborated with the Belgian Technical Corporation (BTC). This partnership yielded fruit by increasing the access of essential medicines for 46 accredited facilities located in West Nile and Rwenzori Regions.

JMS partnered with many companies and authorities to provide reliable health solutions. Among the tenders successfully won and supplied included;



4.4 SPREADING THE LOVE - CORPORATE SOCIAL RESPONSIBILITY

2 Corinthians 9:6-7: Now this I say, he who sows sparingly will also reap sparingly, and he who sows bountifully will also reap bountifully. Each one must do just as he has purposed in his heart, not grudgingly or under compulsion, for God loves a cheerful giver.

In the financial year 2015/16, JMS carried out numerous CSR activities. The beneficiaries included the accredited units and institutions that contribute to the welfare of society amidst budgetary constraints. JMS donated drugs worth 274,798,188 UGX.

In December 2015 during the Christmas season, JMS family led by the Executive Director visited the Bakateyamba Home in Nalukolongo, Uganda Prisons Service and Sanyu Babies Home where we shared items.

On 13th May 2016, JMS team responded to a request by Kumi Hospital and Uganda Protestant Medical Bureau (UPMB) with support. The hospital facilities had been affected by heavy rains that destroyed the drug store and staff houses forcing staff families to temporarily share rooms with patients.

To protect the environment we worked with National Environment Management Authority (NEMA) and National Drug Authority (NDA) to destroy health supplies that outgrew their shelf life.



(1) JMS Executive Director Dr. Bildard Baguma led the JMS team to Bakateyamba Elderly Home and (2) the Women's wing of Uganda Prisons Service in Dec 2015 spreading the x-mas joy
(3) Children at Sanyu Babies Home share a light moment with JMS staff
(4) Assessment of the Kumi Hospital staff quarters that were damaged by heavy rains
(5) The Medical Director and staff of Kumi Hospital after receiving roofing materials from JMS.
(5) JMS supported Masaka Diocese to carry out a regional medical camp during the International Day of the Sick.

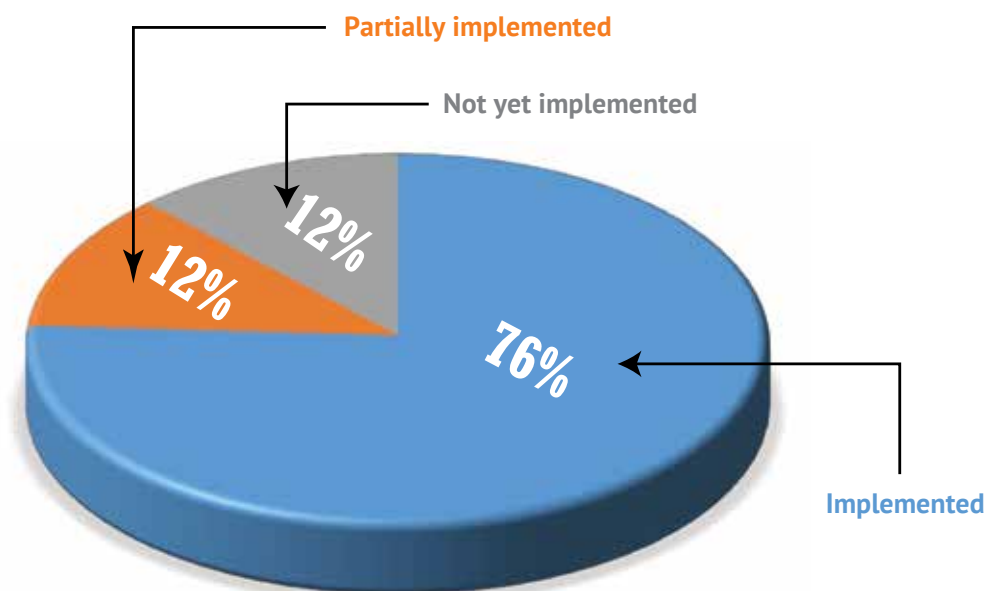


5

RISK MANAGEMENT & GOVERNANCE SYSTEMS

Audit activities covered various JMS processes including; procurement, stores, sales, finance, payroll, compliance with applicable laws and regulations and Arua branch (now Pepacare Maratha Hospital Limited).

Internal Audit championed the risk management process which involved identifying risks. Recommendations were made for improvement and action plans drawn with management approval to ensure implementation of corrective actions.



Above: Graph showing the status of implementation of audit recommendations

Recommendations were made for actions to improve the controls and prevent or minimize the risk of further problems arising in these areas.

JMS has taken on several important strategic initiatives including setting up a branch in Mbarara and four outlets in different regions in the country. While these initiatives present opportunities for significant increased revenue and improved customer service delivery, they could also introduce significant additional risks to the organization.

During the financial year 2016/17, focus will be on risk management and improved annual audit plan coverage.

6

FINANCE AND ADMINISTRATION 2016

6.1 AUDITED FINANCIAL STATEMENTS

JOINT MEDICAL STORE
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 Ushs '000	2015 Ushs '000
Revenue	5	51,536,814	48,395,479
Cost of sales	6	<u>(43,200,943)</u>	<u>(41,163,210)</u>
Gross surplus		8,335,871	7,232,269
Other operating income	7	8,070,458	5,944,724
Selling and distribution costs	8	(2,795,191)	(2,183,087)
Administration expenses	9	(7,809,851)	(5,181,529)
Staff costs	10	<u>(5,718,920)</u>	<u>(4,902,527)</u>
Surplus from operations		82,367	909,850
Net foreign exchange gains		1,348,609	1,871,768
Finance income	11	<u>462,893</u>	<u>750,705</u>
Operating profit before tax	12	1,893,869	3,532,323
Income tax expense for the current year	18(a)	(541,572)	-
Income tax expenses for prior years		(779,757)	
Profit for the year		572,540	-
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income, net of tax		<u>572,540</u>	<u>3,532,323</u>

JOINT MEDICAL STORE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 Ushs'000	2015 Ushs'000
ASSETS			
Non-Current Assets			
Property and equipment	13	9,644,097	6,413,496
Prepaid operating lease rentals	14	<u>93,605</u>	<u>95,696</u>
		<u>9,737,702</u>	<u>6,509,192</u>
Current Assets			
Inventories	15	14,710,531	14,411,646
Trade and other receivables	16	11,821,490	5,680,749
Amounts due from related parties	23 c)	6,748,309	4,673,557
Cash and bank balances	17	<u>9,636,714</u>	<u>21,300,349</u>
		<u>42,917,044</u>	<u>46,066,301</u>
Total Assets		<u>52,654,746</u>	<u>52,575,493</u>
ACCUMULATED FUNDS AND LIABILITIES			
Accumulated Funds			
Accumulated surplus		<u>43,022,015</u>	<u>42,484,798</u>
Non-current Liabilities			
Staff gratuity	19	-	332,861
Staff provident fund	20	462,086	-
Deferred income tax liability	18(d)	<u>536,638</u>	<u>-</u>
		<u>998,724</u>	<u>332,861</u>
Current Liabilities			
Trade and other payables	21	7,846,710	8,861,761
Deferred grant	22	202,606	896,073
Current income tax payable	18 c)	<u>584,691</u>	<u>-</u>
		<u>8,634,007</u>	<u>9,757,834</u>
Total Accumulated Funds and Liabilities		<u>52,654,746</u>	<u>52,575,493</u>

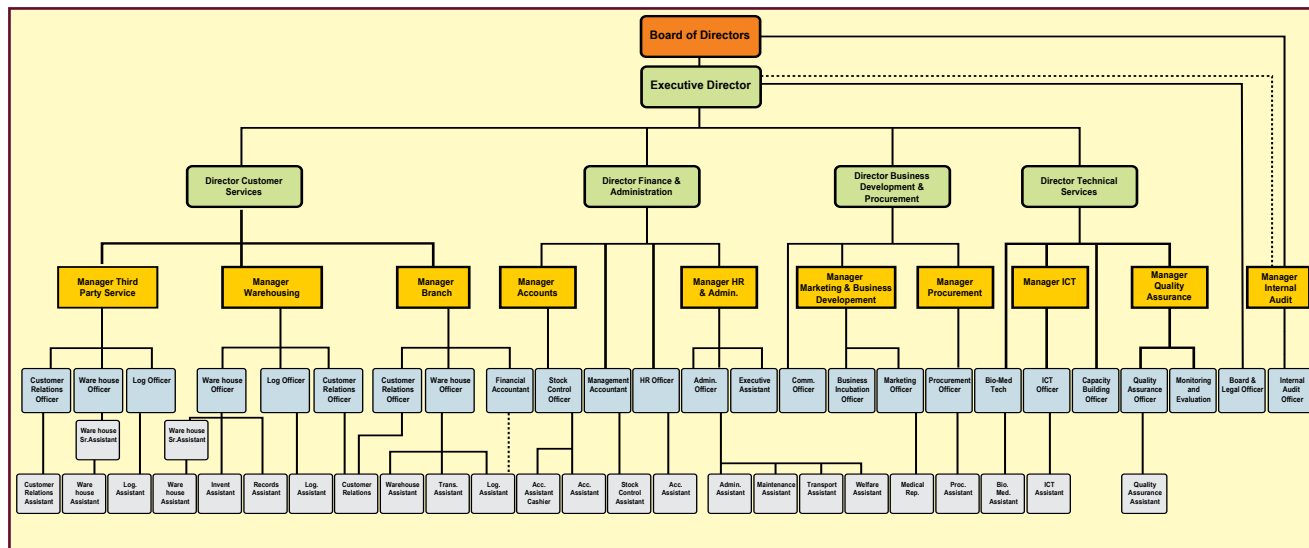
The financial statements were approved by the Board of Directors on 2016
and were signed on its behalf by:

.....
Director

.....
Director

6.2 ADMINISTRATION

JMS Staff Organisational Chart



Human Resource and administration has focused on positioning JMS as an organization where talent is nurtured, high performance rewarded, and innovation and delivery of high quality services is promoted. The human resources practices for the year, concentrated on increasing effectiveness and ensuring more adaptable workforce that fosters and sustains high performance.

Human Resources and Administration unit has contributed to the process of consolidating reforms for JMS healthy future by upholding the changes that were approved by the BoD in the restructuring exercise of August 2015.

As at the end of 30th June 2016, JMS had 106 contractual staff, 13 medical representatives and 10 graduate trainees. The graduate trainees program enabled JMS provide a platform that new graduates use to attain employable skills. 3 of the graduate trainees have been retained as permanent staff.

Recruitment and selection

All approved positions were advertised and filled as per the schedule.

Performance Management

This is also a key priority for HRA and aims at continuously supporting staff and supervisors in achieving optimum productivity, increasing staff engagement, professional satisfaction and well-

being. We have promoted a new performance culture by increasing engagement, inspiring supervisors to provide honest feedback, as well as supporting staff in receiving it.

Weekly and Monthly team chats and evaluations against the targets were carried out in all the 4 Directorates.

Culture change and Team building

The staff embraced the wave of change so as to retain and maintain relevance to the goals of JMS and the organizational expansion plans. Etched in the strategic plan, staff implemented the planned strategies.

There was structured and planned staff re-orientation supported by IFE consultants. We also facilitated the creation of the SPARK team with 9 members to lead and facilitate the cultural change management process.

Organizational wide team building activities and training programs were organised starting with the Directorate of Customer Services.

Professional and personal development

To enable employees to maximize their potential and get the most out of their career, JMS promotes the continuous professional and personal development of its staff.

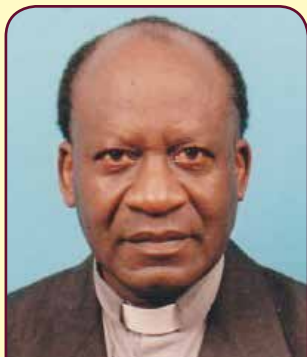
ANNEXES

ANNEX 1: Members of the Joint Medical Store Board of Trustees, Board of Directors and Board Committees as at 30th June 2016

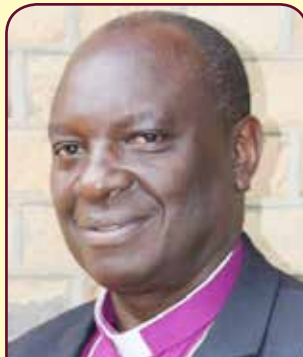
BOARD OF TRUSTEES



Dr. Jack G.M Jagwe
UPMB



Rt. Rev. Henry Apaloryamam
Ssentongo - **UCMB**



Bishop Bagamuhunda
UPMB



Prof. Raphael Owor
UPMB

BOARD OF DIRECTORS



Mr. Robert Korutaro
Muhereza - **Chairman**



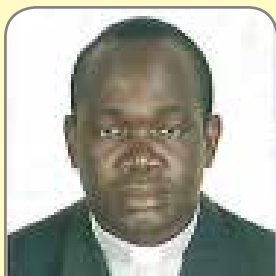
Dr. Lawrence Ojom
Vice Chairman



Dr. Bildard Baguma -
Secretary



Canon Richard Obura Onyang
Honorary Treasurer



Rev. Fr. Henry R. Waiswa
Member



Mrs. Philomena K.
Nshangano - **Member**



Mr. Freddy Eric Kitutu
Member



Dr. Patrick Sagaki
Member



Dr. Sam Orach
Member



Dr. Tonny Tumwesigye
Member



Dr. Margaret Mpalampa
Member

ANNEX 2: Joint Medical Store Management as at 30th June 2016**JMS MANAGEMENT**

Dr. Bildard Baguma
Executive Director



Mary Katusiime
**Director Finance and
Administration**



Denise Tusiime Mutambi
**Director Procurement
and Business
Administration**



Emmanuel Higenyi
**Director Technical
Services**



Joanita Namutebi Lwanyaga
**Director of Customer
Services**



A good heart stopped beating, a good soul ascended to heaven.

In memory of the Late Prof. A.M Odonga founding member of the Board of Trustees of JMS until Dec 2015.
Inset the late Prof A.M Odonga receiving a recognition plaque from the Board of Trustees during the AGM in Dec 2015.



● **JMS Head Office**

Plot 1828, Gogonya Road, Nsambya
P. O. Box 4501 Kampala, UGANDA
Tel: +256 (0) 312 264044/5, 0312 236400
Toll Free: 0800 123124
Fax: +256 (0) 414 510098
Email: sales@jms.co.ug

● **JMS Mbarara Branch**

Plot 24 Ruharo, Bushenyi Road
Tel: 0392003388
Email: salesmbra@jms.co.ug

Distributors:

● **Pepacare Distribution Centre- Arua**

Avenue Road, Next to Christ the King Arua
P. O. Box 135 Arua Tel: 0782826211
Email: pepacare2016@gmail.com

● **Masaka Diocesan Medical Services Ltd.**

Cathedral Road, Caritas Maddo Headquarters
P. O. Box 14 Masaka
Tel: 0704675666, 0786814912, 0758334263
Email: mdms@ucmb.co.ug

● **Virika Pharmaceuticals Ltd.**

Plot 2, Ruhandika Street
P. O. Box 563 Fort Portal Tel: 0772467122
Email: virikapharm@gmail.com

● **Diocese of Jinja Medical Services Ltd.**

Rubaga Hill, opposite Jinja College
Tel: 0434 131213
Email: dhcjinja@ucmb.co.ug



www.jms.co.ug

Find us on Social Media

