

20¹⁶₁₇

ANNUAL REPORT

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Isaiah 58:8

Then your light shall break forth like the morning, your healing shall spring forth speedily, And your righteousness shall go before you; The glory of the LORD shall be your rear guard.

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List of Acronyms

ACT	Artemisin Combination Therapy
AIDS	Acquired Immune Deficiency Syndrome
ART	Antiretroviral Therapy
ARV	Antiretroviral
Bn	Billion
B2B	Business 2 Business
BTC	Belgian Technical Cooperation
BoD	Board of Directors
CHAI	Clinton Health Association Initiatives
CoU	Church of Uganda
DBP	Director Business Development & Procurement
DCS	Director Customer Services
DFA	Director Finance & Administration
DHCs	Diocesan Health Coordinators
DIFAEM	The German Institute for Medical Mission
DRC	Democratic Republic of Congo
DJMS	Diocese of Jinja Medical Services
D2V	Direct to vendor Sourcing
DTS	Director Technical Services
EMHS	Essential Medicines Health Supplies
EOI	Expression of Interest
EPN	Ecumenical Pharmaceutical Network
ERP	Enterprise Resource Planning
EU	European Union
FEFO	First Expire First Out
GDP	Good Distribution Practice
GLP	Good Laboratory Practice
GMP	Good Manufacturing Practice
GOVT	Government
GSM	Global System for Mobile Communication
GSK	Glaxosmithkline
GSP	Good Storage Practice
HIV	Human Immune-deficiency virus

ISO	International Standard Organization
IFS	Industrial Financial Systems
IT	Information Technology
JMS	Joint Medical Store
M & E	Monitoring and Evaluation
MeTA	Medicines Transparency Alliance
MHU	Member Health Unit
MIS	Management Information System
Mn	Million
MoH	Ministry of Health
MoU	Memorandum of Understanding
MR	Medical Representative
NDA	National Drug Authority
NGO	Non-Governmental Organization
PNFP	Private not for profit
PR	Public Relations
PHC	Primary Health Care
QA	Quality Assurance
QMS	Quality Management System
SOP	Standard Operating Procedure
SPARS	Supervision Performance and Recognition Strategy
SSFFC	Suspected/Spurious/Falsified-labelled/ Falsified/Counterfeit
TASO	The AIDS Support Organisation
UCMB	Uganda Catholic Medical Bureau
UPDF	Uganda Peoples' Defence Forces
UGX	Uganda Shillings
UMMB	Uganda Muslim Medical Bureau
UOMB	Uganda Orthodox Medical Bureau
UPMB	Uganda Protestant Medical Bureau
USAID	United States Aid for International Development
VPL	Virika Pharmaceuticals Limited
WHO	World Health Organization

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38 years of **Medical
Logistics Management**





Joint Medical Store (JMS) is the leading non state wholesale pharmaceutical store in Uganda. It was established in 1979 by the Uganda Catholic Medical Bureau and the Uganda Protestant Medical Bureau to supply quality medical supplies to the mission established health facilities. It is registered as a corporate body under the Trustees Incorporation Act Cap 165.

JMS is licensed by the National Drug Authority to engage in the import, export, wholesale and distribution of medicines and related health supplies. It supplies drugs, medical sundries and equipment to over 1500 health facilities.



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

Values



Where we are:



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DISTRIBUTORS

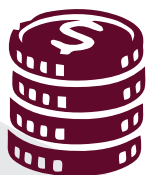
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- Diocese of Jinja Medical Services Ltd.**
Rubaga Hill, opposite Jinja College
Tel: 0434 131213
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UPCOMING BRANCHES

- Mbale**
- Gulu**

Summary of 2016/17 in numbers: JMS at a glance



8.7%
Revenue **GROWTH**

67.6 Bn
Total **REVENUE**

28.4 Bn
SALES from accredited facilities

23,833 inquiries were received and responded to

79.2% confirmation rate (72.3% for Nsambya, 86.1% Mbarara)

93.1% service level.

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

99% of the medium & large orders were processed as per customer expectations.



11,192 ACTs orders distributed to 746 facilities in 112 districts

4,192,534.58 USD worth of antimalarial doses distributed

3,159,390 doses of ACTs for uncomplicated malaria distributed

204,432 doses of Artesunate for severe malaria

1,400,840 LLINS were distributed

400,840 LLINS routine distribution to PNFPs

80% Quality of facility reports

88% donor commodities adherence to delivery schedule

25,032 cycle beads to distributed to 160 PNFP facilities.

46 hospitals offering palliative care received oral morphine solution

50% PHC MOU Signed with MoH to distribute EMHS to PNFPs.



108 full time contract staff

11 Graduate Trainees

04 Special contract staff

13 Medical Representatives serving on special contract



103,426 patients living with HIV across 80 districts received ARVs

4,594,866.9 USD worth of Paediatric ARVs distributed

8,635,344.84 USD worth of Adult ARVs

100% Facility Reporting

725 technical assistance visits to ART facilities

9001:2015 ISO accreditation Received

5 D2V partnership agreements signed with manufacturers.

249 Member Health Units and 933 health workers from seven dioceses were trained

772 facility visits made for Bio Medical installation, routine maintenance and repair

10 Health facilities supported to access Quality Water (CSR)

Foreword from Board of Directors Chairperson

Leadership is a gift from God. On behalf of the Board of Directors, join me in thanking the Lord for the fruitful year he blessed JMS with. As our vision mentions, we work towards being the leading and closest provider of Quality Health Supplies for the Glory of God.

JMS does not work in isolation; I would like to extend heartfelt thanks to the church through the Medical Bureaus. JMS is what it is because of our network. Together we constitute the over 700 accredited facilities that provide a reason for the existence of JMS.

Furthermore, during the year, we journeyed with partners that made the tide smooth. On this note, I thank the government of Uganda for the tremendous support extended to JMS. In particular; we acknowledge the allocated land in the industrial park of Namanve where we plan to establish a state of the art production plant to produce pharmaceutical supplies for Africa; and the decision to entrust JMS with 50% of the PHC non-wage conditional grant for PNFPs so that they are supplied with quality products.

I would like to appreciate all JMS staff that have uplifted the values and worked tirelessly to contribute towards Uganda's Pharmaceutical Supply Chain. Your concerted efforts collectively aid Uganda make positive strides towards the achievement of the Sustainable Development Goals. During the financial year, you delivered your tasks with aplomb.

As we work on the next financial year, we are cognisant that 2017/18 will be the 3rd year of implementing our five year strategic plan. With concerted efforts and gigantic steps powered by the grace of God we expect progress in the focus areas and objectives.

I pray for God's guidance as we continue glorifying his name.

Mr. Rhobert Korutaro

“

..... we constitute the over 700 accredited facilities that provide a reason for the existence of JMS.



Foreword from Executive Director

I take this opportunity to convey thanks to all stakeholders that have partnered with JMS to ensure a steady supply of Quality affordable health supplies to the vast private not for profit facilities network in Uganda.

Continuing with Christ Healing mission, JMS was able to achieve a growth of 8.5 % in terms of revenue and achieve the latest ISO 9001:2015 Quality Management Systems accreditation. With this mark, JMS

worked tirelessly to comply with the ISO standards in our operations that involved quality assurance, warehousing, distribution, risk assessment and documentation.

Partnering with government of Uganda and her partners, JMS was able to distribute ARVs to 103,426 patients living with HIV across 80 districts. This included USD 4,333,819.99 worth of Paediatric 1st line, USD 261,055 worth of Paediatric 2nd line, and USD 8,635,344.84 worth of 1st line Adult ARVs and 1,311,861.64 worth of 2nd line adult ARVs donated by PEPFAR/USAID.


We also distributed 3,363,822 doses of ACTs for uncomplicated malaria and severe malaria to 746 facilities in 112 districts in 11,192 orders. The antimalarial doses distributed were worth USD 4,192,534.58.

To further enhance this cause, JMS embarked on the construction of a state of the art multi-billion

pharmaceutical ware house to expand our warehousing capacity. We believe that the warehouse once finalised next financial year will increase inventory holding space and reduce the cost of warehousing.

Learning from previous years where we had encountered fluctuations in prices, during the year in question, we engaged manufacturers and carried out GMP audits to ascertain quality and negotiate for stability of prices. These efforts led to strategic partnerships with manufacturers like Ankur Drugs and Pharma Limited, GSK and Laborex which guaranteed the lowest prices for PNFPs.

In addition, JMS partnered with Ecumenical Pharmaceutical Network (EPN) to implement the first ever pooled procurement activity. The network represents other likeminded pharmaceutical organisations in East Africa. Collectively, we were able to negotiate for better prices for the selected products.

8.7%

GROWTH
IN REVENUE

With lots of humility, I salute the management and staff of JMS for their sacrifices and concerted efforts in order soliciting, processing, delivery and evaluation. You are the unsung heroes that ensure steady supply of health supplies to PNFPs in the pharmaceutical supply chain in Uganda.

Lastly, I convey great admiration and appreciation to the Board of Trustees and Directors whose inspiration and guidance propel us to offer the best attributes and virtues in pursuit of the JMS mission and vision.

Dr. Bildard Baguma



DISTRIBUTION STATS

103,426 patients received ARVs in 80 districts

USD **4,333,819.99** worth of Paediatric 1st line

USD **261,055.02** worth of Paediatric 2nd line

USD **8,635,344.84** worth of 1st line Adult ARVs

USD **1,311,861.64** worth of 2nd line adult ARVs donated by PEPFAR/USAID.

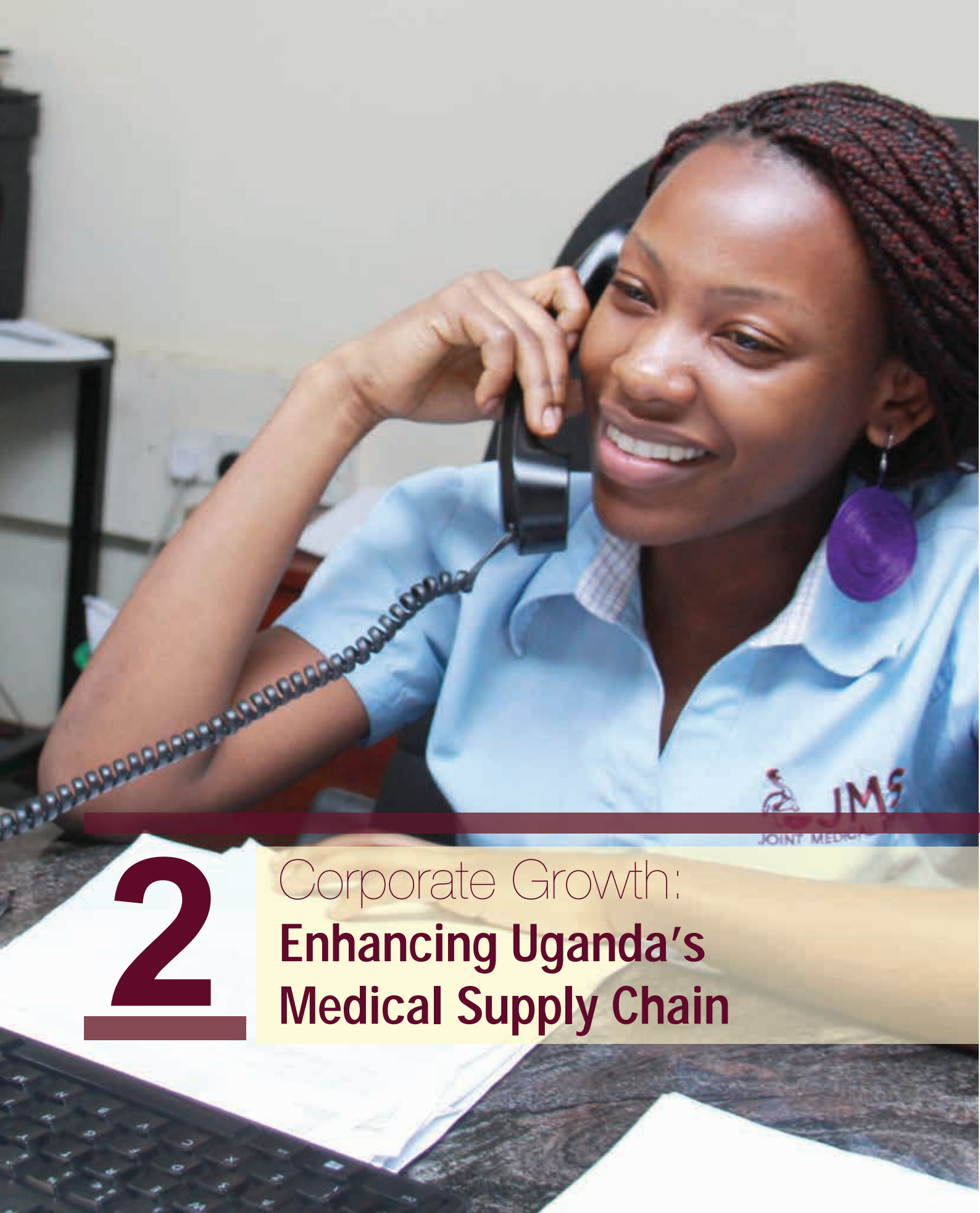
3,363,822 doses of ACTs for uncomplicated malaria and severe malaria to 746 facilities in 112 districts in 11,192 orders

USD **4,192,534.58** of antimalarial doses



Executive Committee

1. Mrs. Joanita Namutebi Lwanyaga - Director Customer Services
2. Mr. Emmanuel Higenyi - Director Technical Services
3. Mrs. Denise Tuslime Mutambi - Director Business Development and Procurement
4. Dr. Bildard Baguma - Executive Director
5. Ms. Mary Katusime - Director Finance and Administration



2

Corporate Growth:
**Enhancing Uganda's
Medical Supply Chain**

A. CORPORATE GROWTH

The founding goal of establishing JMS was to create a wholesale pharmaceutical store that would offer quality affordable health supplies and related medical supplies to Ugandans through the mission instituted health facilities accredited to the Medical Bureaus UCMB and UPMB. Over time, JMS has diversified its work by extending its services to other health facilities accredited to the Uganda Orthodox Medical Bureau (UOMB) and Uganda Muslim Medical Bureau (UMMB); Government, Private Health facilities, Non-Governmental Organisations and foreign partners.

Sales Trend 2013/14-2016/17

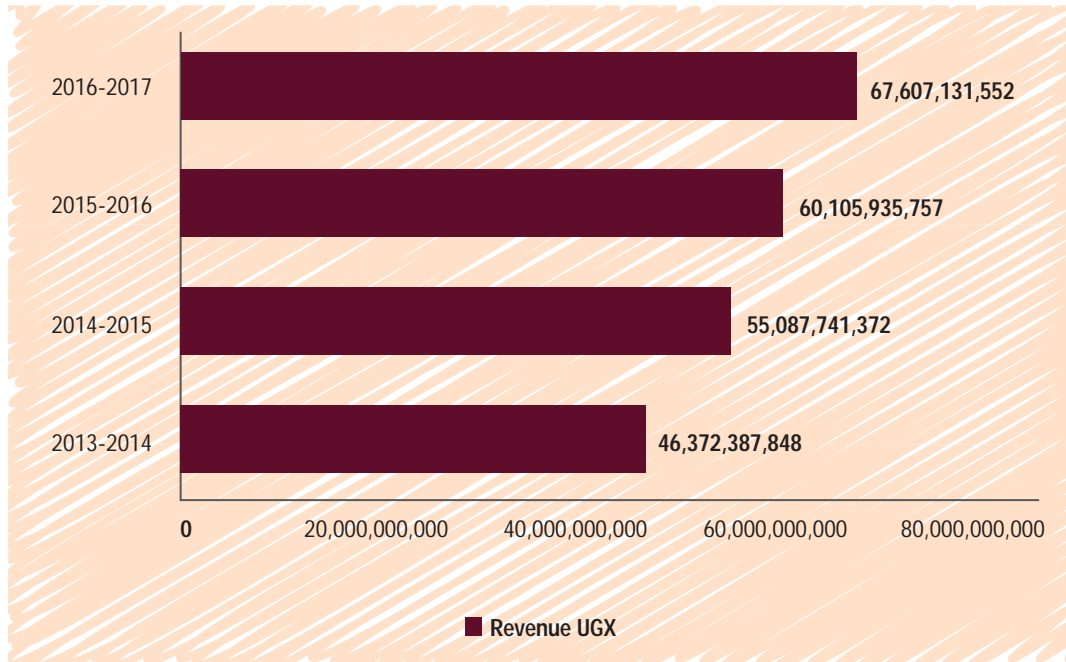
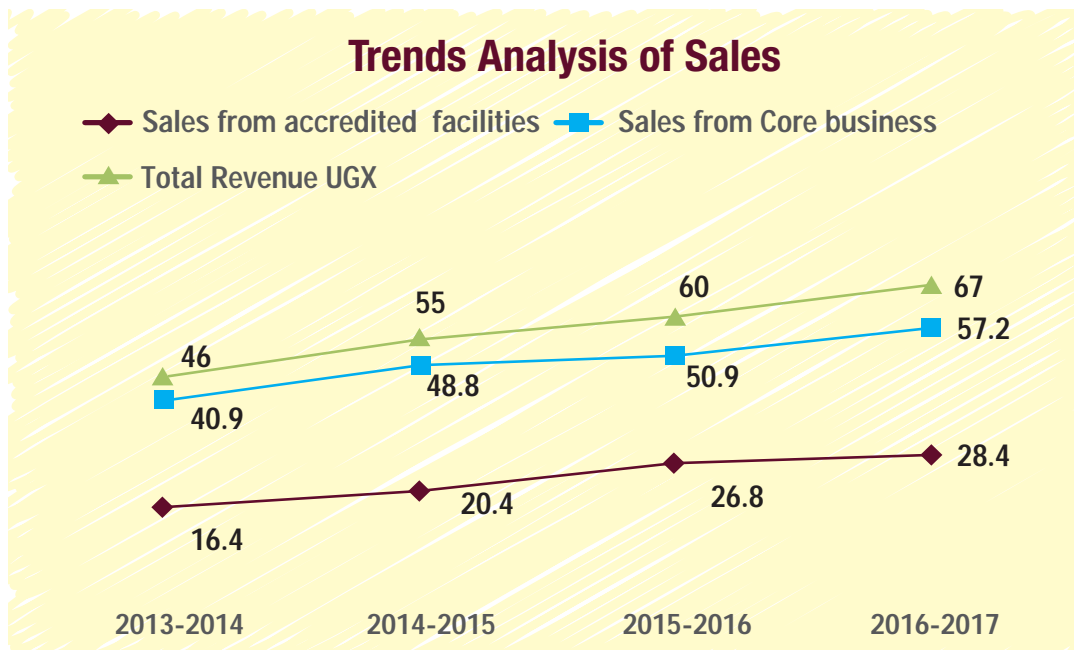


Fig 2: Total Sales trend over the years



The chart below shows the contribution of the authorities to the total JMS sales

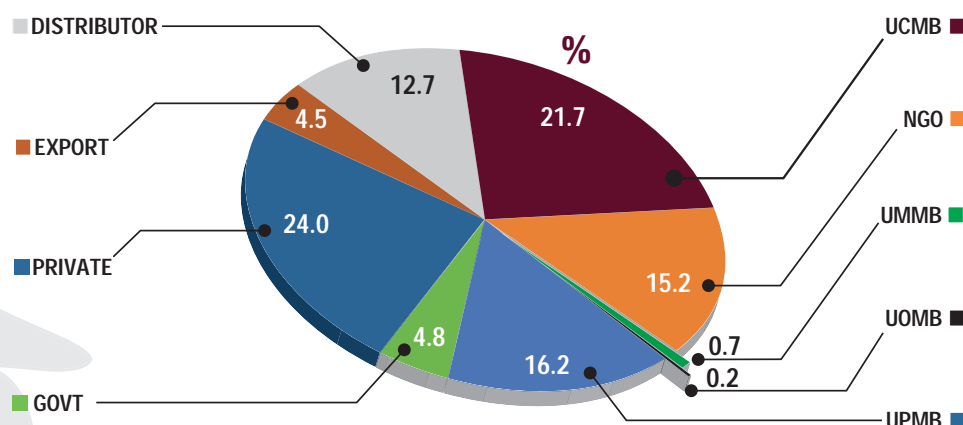


Fig.1: % sales by Authority performance in 2016-17

B. DISTINCT CUSTOMER SERVICES

During the year, Mbarara branch started operations serving western region health facilities in Buhweju, Bushenyi, Ibanda, Isingiro, Kabale, Kanungu, Kiruhura, Kisoro, Lyantonde, Mbarara, Mitooma, Ntungamo, Rubirizi, Rukungiri and Sheema. As a result of the proximity, the branch achieved 95% service levels thereby increasing customer satisfaction.

Customer engagement

Through multimedia platforms 23,833 inquiries were received and responded to by the Customer Relations team with overall confirmation rate of 79.2% (72.3% for Nsambya, 86.1% Mbarara) and 93.1% service level. Inquiries increased by 19% in comparison to last year.

Order Processing

50.4% of the total orders processed were small orders (had 1-5 lines). 89.4% of the small orders were done in 30 minutes from order confirmation. A number of initiatives were put in place to improve the performance of small orders such as: dedicated team to handle the small orders at the various stages, payment & picking happened concurrently etc. 99% of the medium & large orders were processed as per customer expectations.

Key Account Management

Key Account Management was a strategic business approach piloted during the financial year for Long-term & Sustainable Business Partnerships among the selected partners. A key account is identified based on the volume of sales registered as per trends, growth potential, profitability and strategic position in the market. The partnerships are formalised by signing of MOUs.

10 customers were identified for the pilot. These enjoyed benefits like timely deliveries of desired branded medicines informed by the proactive engagements that informed stocking.

Special Order Arrangement

To ensure 100% fulfilment of orders, JMS has a special order desk that procures emergency stock items outside the normal stock range desired by customers. There was improved customer engagement and turnaround time yielding 81.7% confirmation rate of the emergency order inquiries as seen in the table below;

No of inquiries	Orders confirmed	%	Value of inquiries (UGX)	Value of confirmed orders (UGX)
552	451	81.7	6,268,910,494	4,228,482,849

C. SUPPORT TO GOVERNMENT PROGRAMS

Donor Funded Products

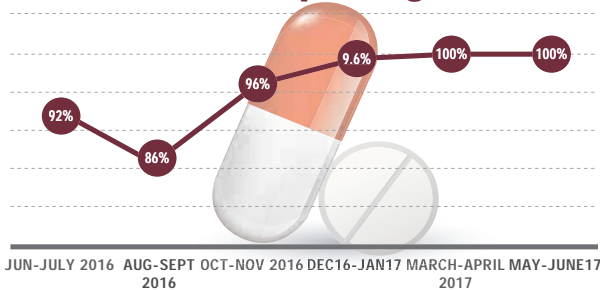
JMS was awarded a contract through USAID to warehouse and distribute ARVs and HIV related commodities, Antimalarial, Opportunistic infections medicines, Long Lasting Insecticide treated Nets and Voluntary Male Circumcision products. Under the supply chain rationalization for HIV/AIDS-related commodities, JMS was allocated 342 health facilities with 290 active ART services, provision of ARVs to 103,426 patients living with HIV across 80 districts. There was a 30% increase in number of patients supported in comparison to last year due to continuous effort of the medical representatives and the team in engaging the previously dormant facilities.

JMS distributed 4,333,811.99 USD worth of Paediatric 1st line, USD 261,055 worth of Paediatric 2nd line, and 8,635,344.84 USD worth of 1st line Adult ARVs and 1,311,861.64 USD worth of 2nd line adult ARVs donated by USAID. 725 technical assistance visits to ART facilities were done

Achievements

Facility reporting for HIV commodities improved from 91% to 100% in the FY which was commendable.

% Reporting



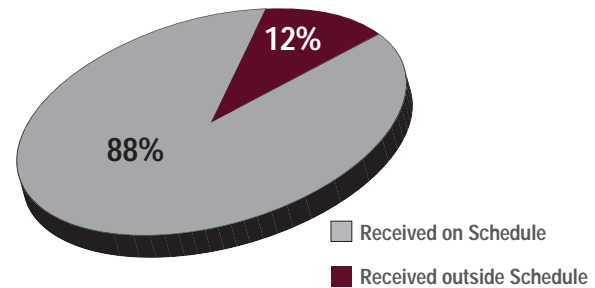
We also continued supplying anti-malarial drugs (Artemether/ Lumefantrine 20/120mg and Artesunate 60mg) to the PNFP sector donated by Global Fund through Principal Recipient (PR) 2 TASO.

- Distributed 3,159,390 doses of ACTs for uncomplicated malaria and 204,432 doses of Artesunate for severe malaria to 746 facilities in 112 districts in 11,192 orders.
- The antimalarial doses distributed were worth USD 4,192,534.58
- 1,400,840 LLINS were distributed of which 400,840 was through routine distribution to PNFPs
- Quality of facility reports improved from 76% to 80%.

JMS supports the distribution of Safe Male Circumcision (SMC) kits as one of the measures to promote Voluntary Medical Male Circumcision (VMMC). We supplied 212,753 dorsal slit procedure voluntary male circumcision kits worth USD 4,362,509.59 donated by USAID.

On average, 88% of all donor funded commodity customers received their commodities as per published delivery schedule.

Adherence to published delivery schedule



With the re-energized technical representatives in the field we hope to close the gap to receive and process orders as per schedule.

In partnership with UCMB, Institute for Reproductive Health, Georgetown University, JMS distributed 25,032 cycle beads to 160 PNFP facilities.

As social responsibility, JMS distributed oral morphine solution to 46 hospitals offering palliative care. This is collaboration between JMS, Hospice Uganda and National Medical Stores.

Sales Part Description	Quantity distributed
ORAL MORPHINE SOLUTION 5MG/5ML 250ML	15,181
ORAL MORPHINE SOLUTION 50MG/5ML 250ML	1,257
ORAL MORPHINE SOLUTION 5MG/5ML 500ML	14,359

Primary Health Care (PHC)

The Government of Uganda provides support to the Private Not for Profit facilities through provision of PHC non-wage grant. This grant is meant to subsidize delivery of health care. In FY2016/17 MoH, JMS, Medical Bureaus, Uganda Health Supply Chain (UHSC) continued to pursue the centralisation of a proportion of the Primary Health Care grant as a credit line of Essential Medicines & Health Supplies (EMHS) for Private Not For Profit facilities for the achievement of universal health care coverage. In preparation for implementation of the PHC credit line a number of activities were undertaken. These included;

- Monthly planning meetings.
- Development of Order forms through consultation forums with the various Stakeholders.
- Development of Guidelines, risk register and M&E framework with support from the UHSC seconded staff.
- Signing of an MoU between the MoH and JMS.

In June the Parliamentary Budget committee recommended that 50% of the PHC funds worth 7.4Bn be transferred to JMS through the Ministry of Health for better management.

3

Quality Products & Services



A. ISO TRANSITION AND CERTIFICATION

In the financial year, JMS transitioned to the ISO 9001:2015 Quality Management System. The new ISO standard was promulgated in 2015 and specifies requirements seeking to demonstrate ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements.

It aims at enhancing customer satisfaction through the effective application of the certified Quality Management System. The new standard gives increased prominence to risk-based thinking within organisations; puts greater emphasis on leadership engagement with stakeholders; the importance of analysing and monitoring organisational context; and management of needs and expectations of interested parties. The standard addresses supply chain issues more comprehensively.

JMS undertook the ISO audit in Quality Management systems in February 2017 and was awarded the ISO 9001:2015 Certification.



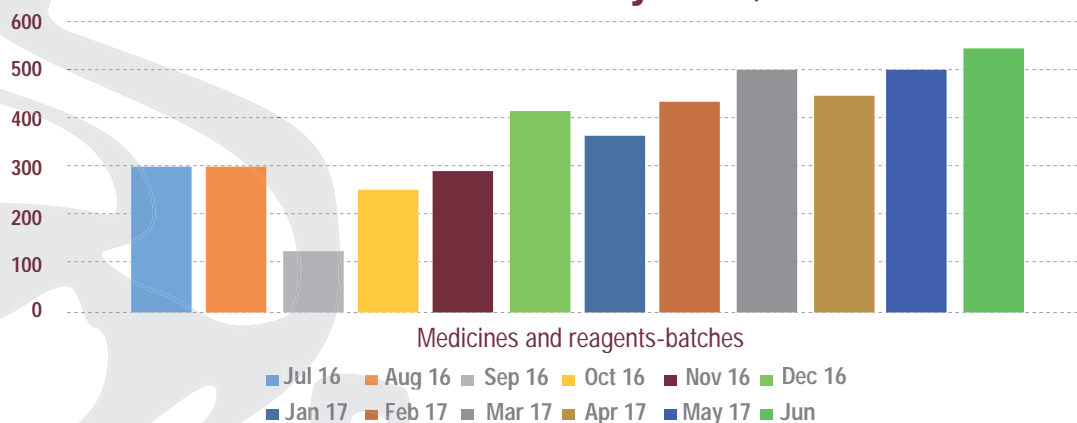
B. PRODUCT QUALITY ASSURANCE

From inception, JMS committed to assuring quality of products within its supply chain. Over time, JMS has invested in building a strong quality assurance system including an in house Quality assurance department, Mini laboratory infrastructure and formulating rigorous quality control procedures. In addition, routine manufacturer audits in line with WHO good manufacturing practices reduced the incidence of poor quality products by 30%.

In the last two years JMS focused on detecting substandard and falsified products at point of receipt by introducing risk-based tools and bar code validation for pedigree assessment. The risk-based tools have improved the detection of substandard products before they are released for distribution while the bar code guided validation has enabled the quality personnel to identify falsified products. The interventions have also reduced the time required for quality control activities thus making the products available to customers in an agile manner and improving the level of customer service.

The effectiveness of the JMS quality controls is reflected in the low failure rate of products at receipt. In the financial year, the quality unit handled 4454 batches of medicines and reagents with a pre-release failure rate of 0.7%.

Batches Processed by The QA Unit



Batches tested and Failure rate in percentage terms

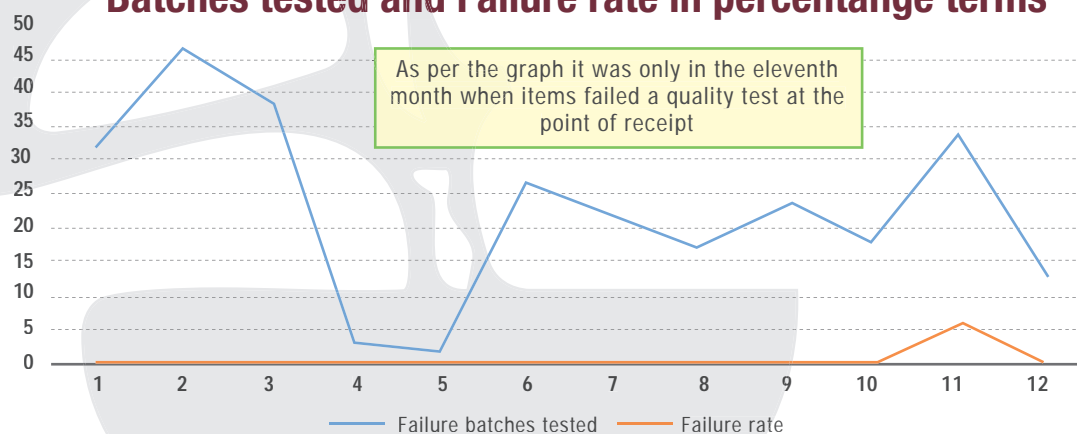


Figure B illustrates the batch failure rate at the point of receipt.

The trends indicate that the quality assurance controls at JMS are effective to detect, intercept and isolate substandard products and prevent ingress (in flow) of non-certified products into the JMS supply and distribution system.

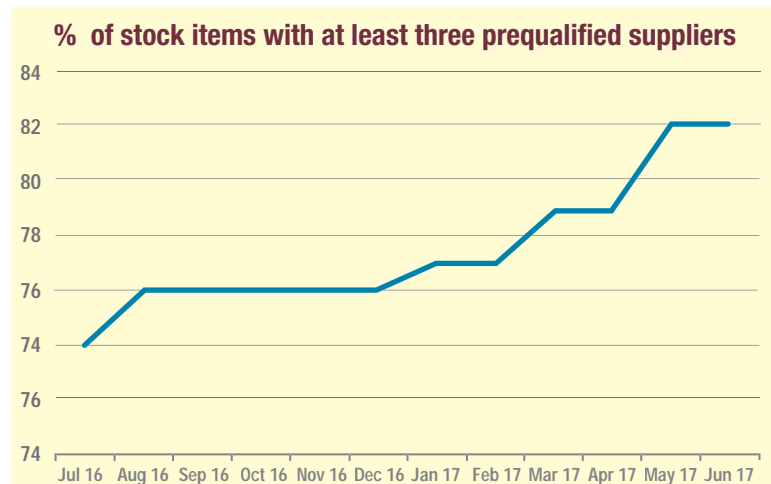


The JMS team and an observer prepare to tour the Profama factory for a GMP Audit.

C. SUPPLIER PREQUALIFICATION

The proportion of product Stock Keeping Units (SKUs) with at least three prequalified suppliers rose from 78% in July 2016 to 86% in June 2017. This is a 75% increase from the first prequalification exercise. Four suppliers (one in Europe and three in Asia) were audited as part routine assessment and the direct to vendor sourcing strategy to identify suppliers and manufacturers for specified products.

All suppliers, except one, satisfied the required GMP requirements.



D. DIRECT TO VENDOR SOURCING

With the evolving competitive market and need to bridge the quality standards between manufacturers and distributors, JMS initiated partnerships with manufacturers through the Direct to Vendor sourcing strategy. This is intended to avoid multiple handling that usually affects price and increases the risk of exposure of products to adverse environmental conditions.

JMS signed partnership agreements with four manufacturers for pharmaceuticals and one manufacturer for medical equipment and furniture.

The manufacturers are Ankur Drugs and Pharma Ltd; Althea Ltd; Stallion and Profama for pharmaceutical products and Fazzini Limited for medical equipment and furniture. Under this partnership, the manufacturers produce finished products for JMS to distribute in its vast network of clients.

Fazzini products are already available for distribution. A number of Ankur products are already on the market while many more are under registration by the National Drug Authority. In the same regard, products from Althea have entered the registration pipeline and are expected in the first half of 2018. Profama and Stallion await regulatory clearance for Market

Authorisation.

JMS is also currently exploring using the D2V strategy to acquire oncology products to alleviate the national burden.

Below; picture of the 5 registered Ankur Drugs and Pharma Ltd products manufactured for JMS available on the market.



Stock Availability:

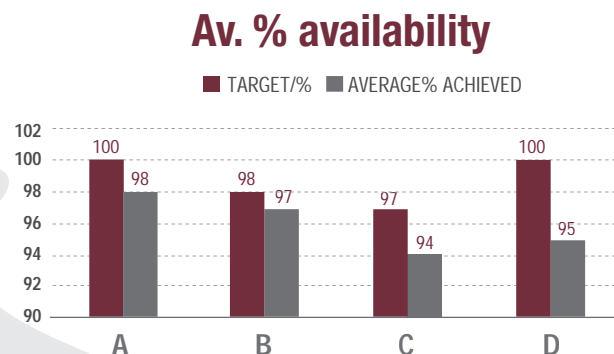


Fig.2- % stock availability- April '17

The shorter it takes to receive a consignment the better; we did well with foreign consignments compared to local. However, in support of the government policy Buy Uganda Build Uganda (BUBU) the team will work with local suppliers to improve their compliance to agreed lead time.

Transaction Cycle Time

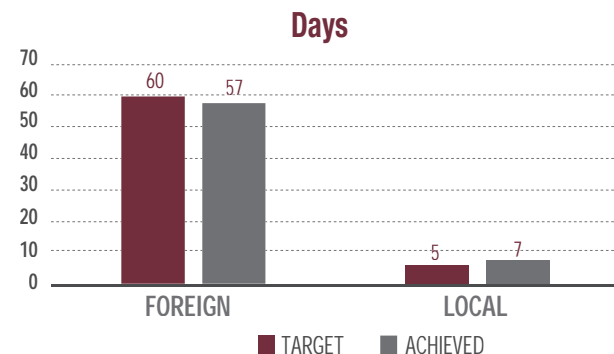


Fig. 3: Average days taken for consignments

E. QUALITY STORAGE OF ESSENTIAL HEALTH SUPPLIES

The warehousing system consists of four modern warehouse facilities with 3 located in the central business district of Kampala and one in Mbarara, offering 8500 pallet positions for storage, real-time inventory management and cold-chain capabilities for essential health products.

All warehouses conform to international best practices of Good Storage Practices for pharmaceutical products and have a quality management system based on ISO 9001:2015 framework. They are licensed and certified by the National Drug Authority.

Average inventory holding throughout the year was \$16.6M including USAID donated stock for public sector at 80% warehouse utilization.

With support from our ICT & Finance departments, we implemented usage of Power BI, an application that supports us to relate the shelf life of incoming stock with that of the stock in inventory. This reduced the possibility of expiries thereby assuring quality of our products.



Construction of new warehouse

Construction of phase 2 of the new state of the art pharmaceutical warehouse (below) at plot 956, Nsambya was initiated with a target of completion by end of FY to increase JMS warehousing capacity. The warehouse once complete shall bear 2800 pallet positions, a spacious fully furnished Quality Assurance Laboratory, Light and Heat control to maintain the Quality of medical supplies.



F. USE OF INFORMATION SYSTEMS TO BOOST QUALITY SERVICES

JMS upgrade of the ERP

JMS has overtime appreciated the importance of information systems in management of supply chain especially in regard to inventory control, customer service and reporting. During the year, JMS embarked on upgrading the Enterprise Resource Planning tool (IFS) that was commissioned in 2013. The purpose of the upgrade is to introduce new functionalities while leveraging on contemporary logistics management tools introduced to the dynamic sector and link the JMS inventory system with that of distributors and health facilities.

With support from Global Fund, JMS contracted IFS South Africa to undertake the upgrade project. It is expected to be commissioned in January 2018.

Once complete, the system will facilitate effective real communication between JMS and suppliers, health facilities, authorised JMS distribution outlets. The system will support enhancements like the Business to Business licenses that will facilitate joint inventory management allowing JMS plan and respond effectively to health facility needs. Other enhancements include web store integration.



4

JMS Financial Outlook

Independent Auditor's Report

to the members of Joint Medical Store

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Joint Medical Store, which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Joint Medical Store as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Uganda Trustees Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Joint Medical Store. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Joint Medical Store. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the report of the Directors. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Uganda Trustees Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Organization or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting processes.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is CPA Michael Kimoni – P0248.



Ernst & Young
Certified Public Accountants of Uganda
Kampala, Uganda

20 November 2017

Joint Medical Store

Statement of Comprehensive Income

For the year ended 30 June 2017

	Notes	2017 Ushs '000	2016 Ushs '000
Revenue	5	56,381,983	51,536,814
Cost of sales	6	<u>(47,646,747)</u>	<u>(43,200,943)</u>
Gross surplus		8,735,236	8,335,871
Other operating income	7	10,728,786	8,070,458
Selling and distribution costs	8	(2,808,003)	(2,795,191)
Administration expenses	9	(5,650,330)	(7,809,851)
Staff costs	10	<u>(6,679,406)</u>	<u>(5,718,920)</u>
Surplus from operations		4,326,283	82,367
Net foreign exchange gains		1,729,062	1,348,609
Finance income	11	<u>582,994</u>	<u>462,893</u>
Operating surplus before tax	12	6,638,339	1,893,869
Income tax credit/(expense) for the current year	19(a)	2,504,204	(541,572)
Income tax expenses for prior years		<u>(1,442,543)</u>	<u>(779,757)</u>
Surplus for the year		7,700,000	572,540
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income, net of tax		<u>7,700,000</u>	<u>572,540</u>

Joint Medical Store

Statement of Financial Position

For the year ended 30 June 2017

	Note	2017 Ushs'000	2016 Ushs'000
ASSETS			
Non-Current Assets			
Property and equipment	13	12,148,671	9,644,097
Prepaid operating lease rentals	14	91,513	93,605
Investment in subsidiary	15	99,800	-
Deferred tax asset	19(d)	<u>1,967,566</u>	<u>-</u>
		<u>14,307,550</u>	<u>9,737,702</u>
Current Assets			
Inventories	16	15,894,437	14,710,531
Trade and other receivables	17	8,722,001	11,821,490
Amounts due from related parties	24(c)	9,344,163	6,748,309
Cash and bank balances	18	<u>12,522,946</u>	<u>9,636,714</u>
		<u>46,483,547</u>	<u>42,917,044</u>
Total Assets		<u>60,791,097</u>	<u>52,654,746</u>
ACCUMULATED FUNDS AND LIABILITIES			
Accumulated Funds			
Accumulated surplus		<u>50,716,290</u>	<u>43,022,015</u>
Non-current Liabilities			
Staff provident fund	21	52,999	462,086
Deferred income tax liability	19(d)	<u>-</u>	<u>536,638</u>
		<u>52,999</u>	<u>998,724</u>
Current Liabilities			
Trade and other payables	22	8,964,250	7,846,710
Deferred grant	23	153,363	202,606
Current income tax payable	19(c)	<u>904,195</u>	<u>584,691</u>
		<u>10,021,808</u>	<u>8,634,007</u>
Total Accumulated Funds and Liabilities		<u>60,791,097</u>	<u>52,654,746</u>

The financial statements were approved by the Board of Directors on 20th November 2017 and were signed on its behalf by:

.....
Director

.....
Director

5

Corporate Governance & Risk Management



Board of Trustees

1. Rt. Rev. Henry Apaloryamam Ssentongo – UCMB
2. Prof. Raphael Owor - UCMB
3. Dr. Jack G.M Jagwe - UPMB
4. Rt. Rev. George Bagamuhunda - UPMB

A. GOVERNANCE BODIES

1. ANNUAL GENERAL MEETING:

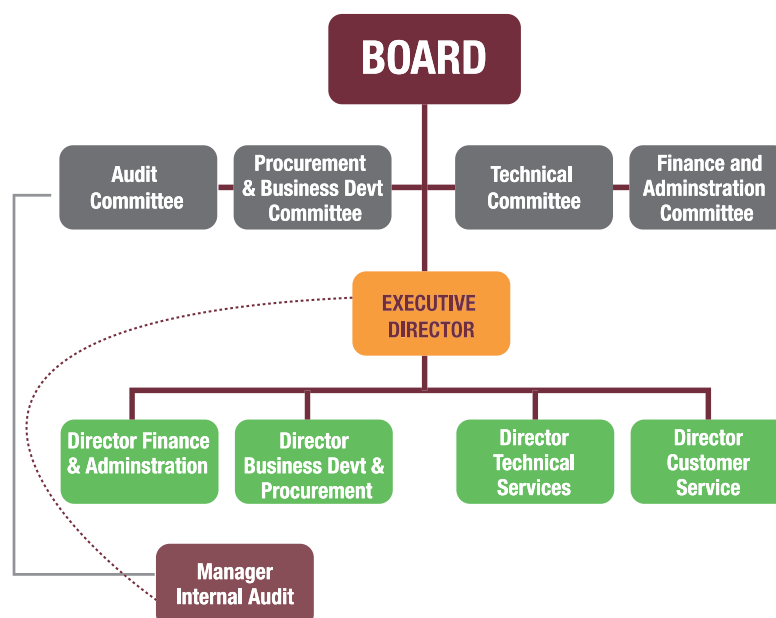
The JMS AGM is the highest decision making organ on the Organisation's Structure. The meeting is an annual event composed of the Trustees, Directors, Committee members and other 18 members nominated by the two Bureaus (UCMB and UPMB). The last AGM was held on 9th December 2016.

2. BOARD OF TRUSTEES:

The JMS Trustees are appointed by the two Bureaus. They are the Custodians of JMS Properties as stipulated in the JMS Trust Deed; and oversee the functioning of the JMS Board of Directors. In FY 2016/17, the Trustees held one formal meeting as provided for in the JMS Constitution and also participated in the Annual General Meeting and Board Retreats held during the year.

3. BOARD OF DIRECTORS:

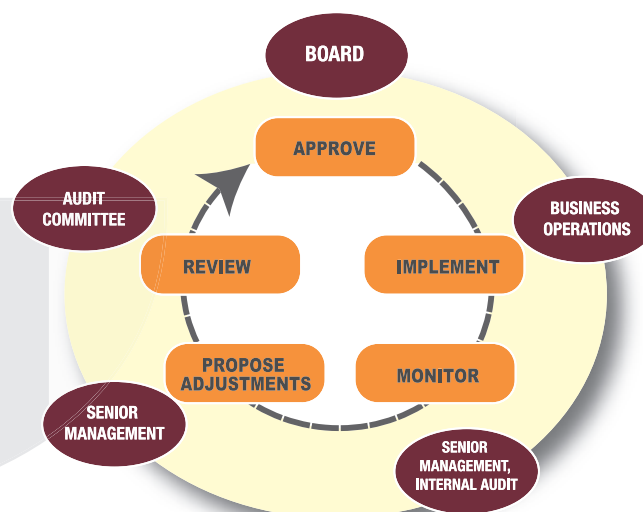
The JMS Board of Directors are appointed by the two Bureaus and are responsible for the effective and efficient operation of JMS through spearheading the Organization's Policy Development; ensuring Good Stewardship of the Assets and Resources; ensuring Compliance with the applicable Legal Framework and Promoting the Corporate Image in line with the Trustees' authority delegated to the Board as per the JMS Trust Deed. The BOD held a non-residential retreat on 24th March 2017 on Corporate Governance, Board Dynamics and Effectiveness.



Key Achievements of the Board Of Directors:

During the FY 2016/17; the Board of Directors considered the following:

- Operation Plan & Budget for FY 2017/18.
- Implementation of the Direct-to-Vendor (D-2-V) Sourcing strategy to reduce the cost of sales and cost of products to JMS customers and other Cost Containment Strategies.
- Operationalization of JMS' subsidiary company "Joint Health Care Investments Ltd (JHCIL)" with the appointment of the Company's Board of Directors and Interim Management Structure.
- Investment into Doctor's Choice Ltd based in Jinja – a manufacturer of effective food supplements with therapeutic value for various chronic conditions such as malnutrition, HIV/AIDS, Cancer, Diabetes, etc.



Above: Board and Management role in risk governance

- v) Initiation of Land Acquisitions in the Namanve Industrial and Business Park and Gulu Archdiocese.
- vi) Acquisition of 0.068 hectares of land from Mbale Diocese on Plot 111, Bugwere Road in Mbale Municipality.
- vii) Construction of a State-of-the-art Warehouse Extension Building on Plot 956, Old Gaba Road, Nsambya commissioned on 30th November 2017.
- viii) Change of Marketing Structure from the initial team of Medical Representatives to a more focused team of Sales and Technical Representatives with operations effectively streamlined across the country.
- ix) Engagement of the Uganda Episcopal Conference on 8th June 2017 and the House of Bishops on 7th September 2017 on pertinent issues concerning JMS' business relationship with accredited units.
- x) Transition of Pepacare Maracha Hospital Ltd (PMHL) Distribution Outlet to "JMS Arua Branch".

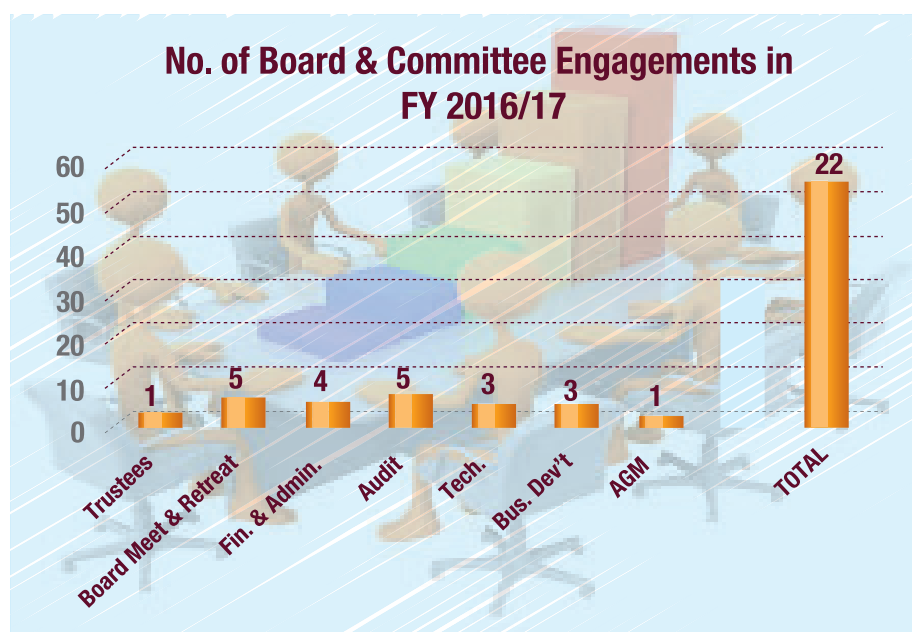
The JMS Board of Directors has 4 Committees including:

i) Finance and Administration Committee:

The Committee is responsible for the provision of advice and assistance to the Board of Directors in the oversight and maintenance of the organization's Fiduciary and General Administrative responsibilities by ensuring that the requisite Financial and Administrative Policies, Procedures and Strategies are in place to safeguard the organization's assets.

ii) Audit Committee:

The Committee is responsible for the provision of advice and assistance to the Board of Directors in assessing the effectiveness and independence of the Internal Audit Function over the adequacy and effectiveness of financial reporting, internal controls and compliance with laws and regulations.



iii) Technical Committee:

The Committee is responsible for the provision of advice and assistance to the Board of Directors in keeping abreast of new technologies, anticipating emerging concepts and trends in the health care supply chain, Selection and Standardization of essential supplies, Quality Assurance of healthcare supplies and Capacity Development in health logistics management.

iv) Business Development Committee:

The Committee is responsible for the provision of advice and assistance to the Board of Directors in the oversight of strategic and tactical Marketing and Business Plans, initiatives and investment opportunities; developing best practices in procurement methods and processes; approving product range and services to be procured and supplied by the organization and ensuring that all these activities are carried out in a sustainable manner.

Members of the Joint Medical Store Board of Directors & Committees as at 30th June 2017

Board Of Directors

Chairperson

Mr. Rhobert Korutaro

Deputy Chairperson

Dr. Lawrence Ojom

Secretary

Dr. Bildard Baguma

Treasurer

Canon Richard Obura Onyang

Members

Dr. Sam Orochi Orach - Executive Director UCMB
 Dr. Tonny Tumwesigye - UPMB
 Dr. Margaret Mpalampa - UPMB
 Dr. Patrick Sagaki - UPMB
 Rev. Fr. Henry R. Waiswa - UCMB
 Ms. P.K. Nshangano- UCMB
 Mr. Freddy Eric Kitutu – UCMB

Finance & Administration Committee

Chairperson

Canon Richard Obura Onyang
 UPMB (BoD Member)

Members

Canon Joram Kahenano - UPMB
 Mrs. Samalie E. Kisekka - UCMB
 Mrs. Barbara Waligo Senkatuka - UPMB
 Dr. Sam Orochi Orach - UCMB
 Dr. Tonny Tumwesigye - UPMB
 Mr. Francis Buwule - Co-opted
 Eng. Julius Mulumba - Co-opted
 Dr. Bildard Baguma - ED JMS
 Ms. Mary Katusiime - Secretary DFA – JMS

Audit Committee:

Chairperson

Rev. Fr. Henry R. Waiswa
 UCMB (BoD Member)

Members

Sr. Josephine Oyella - UCMB
 Mr. Anthony Opio - UCMB
 Mr. Moses Nambale Bwire - UPMB
 Mr. Fred Andema - UCMB
 Mr. Balaam Muheebwa - UPMB
 Mr. Eliezer Kibura - UPMB
 Ms. Mercy Nagaddya - Secretary MIA – JMS

Business Development Committee

Chairperson

Dr. Lawrence Ojom
 UCMB (BoD Member)

Members

Rev. Fr. Joseph Ssekyewa - UCMB
 Sr. Jane Frances Nakafeero - UCMB
 Dr. Asinja Eriab Kapuru - UPMB
 Ms. Barbara Tumwine - UPMB
 Mr. Jimmy Ameny - UCMB
 Dr. Bildard Baguma- ED – JMS
 Ms. Denise Tusiime Mutambi - Secretary DBDP – JMS

Technical Committee

Chairperson

Dr. Margaret Mpalampa
 UPMB (BoD Member)

Members

Sr. Jane Frances Nakafeero - UCMB
 Dr. John Bosco Mutakirwa - UCMB
 Dr. Priscilla Busingye - UCMB
 Mr. Morries Seru - Co-opted (MoH)
 Eng. Sitra Mulepo - Co-opted (MoH)
 Dr. Bildard Baguma - ED – JMS
 Mrs. Joanita N. Lwanyaga - DCS – JMS
 Mr. Emmanuel Higenyi - Secretary DTS – JMS

4. MANAGEMENT:

The JMS Management Team is headed by the Executive Director (ED) who is also the Secretary to the Board of Directors. The ED is appointed by the Board of Directors for the Operation and Management of JMS

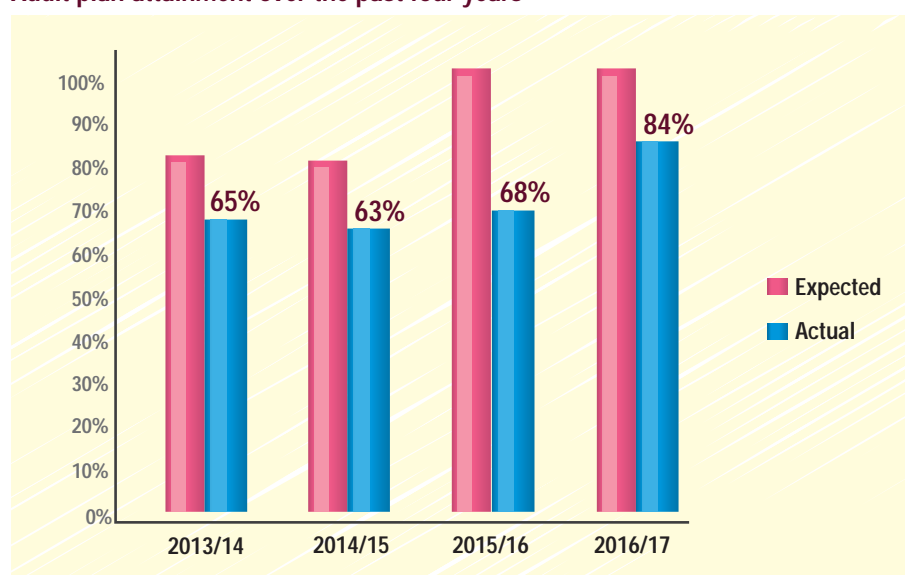
B. INTERNAL AUDIT

Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the JMS' governance, risk management process, system of internal controls and the quality of performance in carrying out assigned responsibilities to achieve the organization's goals and objectives to ensure:

- Risks are appropriately identified and managed
- Significant financial and operating information is accurate, reliable and timely
- Actions are in compliance with policies, standards, procedures and applicable laws and regulations
- Resources are acquired economically, used efficiently and are adequately protected
- Programs, plans and objectives are defined, communicated and achieved
- Significant legislative and regulatory issues impacting the organisation are recognized and addressed appropriately
- Quality and continuous improvement are fostered in the organization's control processes

Based on the audit reviews and investigations done during the year, Internal Audit achieved 84% attainment rate.

Audit plan attainment over the past four years



Major Risk Initiatives in 2016/17

- The Risk Management Framework was reviewed to provide a true reflection of the actual risks and corresponding mitigation based on an elaborated risk assessment and treatment to address the opportunity for improvement.
- A procedure was developed to direct the process of identifying and managing risks and opportunities.
- JMS continues to develop ownership and accountability of Directorates specific risk profiles with quarterly reporting that includes a specific view on risks and opportunities impacting the organisation's strategy. The reporting of organisation-wide risks is managed centrally with a focus on the impact of key risk exposures and key risk indicators providing insights into the movement of risk.
- An external consultant was engaged to train staff in risk management.

(i) Internal Audits in 2016/17

The audit work plan is approved annually by the Audit Committee. Ten processes were audited and two investigations done during the year. Follow-up Audits were also done per quarter. The results were presented to management and the Audit Committees.

Audit emphasis was on determining whether the required degree of compliance was upheld and improving the efficiency and effectiveness of operations and activities.

Recommendations were made for improving internal controls and risk management systems. Action plans were agreed with Management on all recommendations made and appropriate follow-up arrangements were put in place to ensure that corrective actions were implemented as agreed.

(ii) Risk Management

JMS is committed to identifying, assessing, and mitigating risks to ensure that the organization's objectives are achieved. Part of Internal Audit's function includes Enterprise Risk Management (ERM). The ERM Framework is integrated into business processes including strategy planning, business development, internal control and day-to-day operations.

(iii) Risk Management and Control

JMS' overall risk management process and systems of control are overseen by the Board as an element of solid corporate governance. At operational level, the following lines of defense are in place.

First Line of Defense

**OPERATIONAL
MANAGEMENT**
(Risk Owners)

- Own and manage the risks. They are also responsible for implementing corrective actions to address process and control deficiencies

Second Line of Defense

**INTERNAL
CONTROL MEASURES**

- Quality
- Security
- Monitoring & Evaluation
- Support Management by monitoring the first line of defense controls to ensure that risks & controls are effectively managed.

Third line of Defense

INTERNAL AUDIT

- Provides comprehensive assurance to Management & the Board on the effectiveness on governance, risk management & internal controls including the manner in which the 1st and 2nd lines of defense achieve risk management and control objectives.

Note:

Based on the audits, investigations and other audit activities done during the year, we can assert that Management is cognizant of their responsibility for internal controls and takes seriously the need for controls, compliance and accountability. Management actively participates in the identification of risks and work collaboratively with Internal Audit to address issues raised during audits and investigations. There are opportunities for JMS to implement more effective controls in a number of areas and there are ongoing challenges to effective controls and compliance. The audit function continues to be a catalyst for improved business processes, efficient use of resources, increased focus on internal controls; greater transparency and accountability.



6

Sustainability: **Community
& customers centric initiatives**

A. BRINGING SERVICES CLOSER TO THE PEOPLE - ACCESSIBILITY

With more than 5 years of regional experience and capable well-trained staff, JMS navigated 612,152 kilometers across the country to deliver 12,526 cubic meters of orders (regular, donor funded commodities) using state-of-the-art resources including trucks, vans and motorcycles, validated temperature regulated cold chain trucks. 88% deliveries were made as per delivery schedule. Cost of distribution in relation to value of the orders decreased from 3.9% to 2 % through use of order consolidation to fill trucks to full capacity, use of big volume trucks per route and use of many smaller trucks, etc.

“We completely love and appreciate the door-to-door delivery service,” says Johnson Thembo, Store Manager at Kagando Hospital in Kasese district. “Previously, we would organize frequent trips to Kampala, to pick up commodities from Joint Medical Store. But since they started delivering directly to us, our transportation costs have been eliminated,” he says. “JMS’ customer service is excellent. We are in close communication with them, and they have always kept us informed of any upcoming deliveries and changes. Whenever we have a query, it is resolved promptly,” adds Thembo.

Jude Kajjabwangu, Store Manager at St Charles Lwanga Buikwe Hospital in Buikwe district, says the door to-door delivery service has been a time saver. “JMS does all the packing and delivery of commodities for us. Deliveries are usually accurate, timely and made early enough for us to count and verify the commodities”. The donor-funded commodities such as anti-malarial medicines are delivered separately, he adds.

With 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. JMS operated through 4 regional outlets in the financial year. These were Pepacare Maracha Hospital Limited (PMHL) in the West Nile region; Masaka Diocesan Medical Services Limited (MDMS) serving the central and greater Masaka region; Virika Pharmaceuticals Limited (VPL) serving the Rwenzori districts of Mubende, Kamwenge, Kyegegwa, Kyenjojo, Kabarole, Ntoroko, Kasese, Bundibugyo districts and Diocese of Jinja Medical Services Limited (DJMS) serving Busoga districts of Bugiri, Busia, Buyende, Iganga, Jinja, Kaliro, Kamuli, Luuka, Mayuge, Namayingo, Namutumba.

Website

A Brand new dynamic website was developed with live chat and web analytics. Customers can now navigate the website for regular updates and check on the product attributes such as unit of measure and dosage form. The website also has links to key sites of interest to customers. There is a plan to

add more features including online ordering; e-commerce and many more.

Partnerships

With support from Uganda Health Supply Chain, the JMS field team was facilitated with motorcycles to bring services closer to the people.

Below, The JMS executive director receiving the motorcycles while the field teams try out the bikes donated to them.

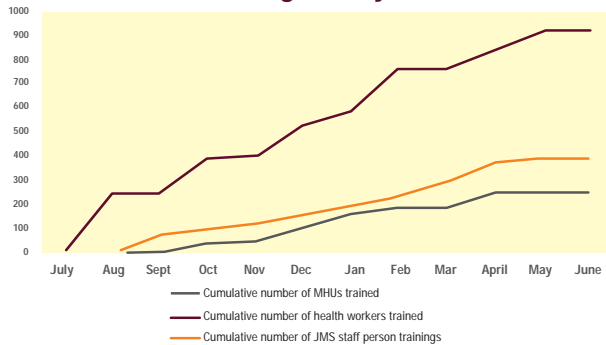


B. CAPACITY BUILDING

249 Member Health Units and 933 health workers from seven dioceses were trained through the JMS Capacity Building activities. The health facilities and the health workers were provided with skills and techniques to manage medicines and organise service delivery in an effective and efficient manner. The skills provided included quantification, stock counting, reporting, ordering and serving clients. Facility-based trainings were conducted in Ruharo Mission Hospital, Mengo Hospital, Nyakibale Hospital, Holy Innocents Children's Hospital, Kabarole Hospital, St. Stephens Mpererwe Hospital, Kiwoko Hospital, Nkokonjeru Hospital, Azure HC IV, Mukono Christian University Clinic, and Rwibaale Health Centre III. The dioceses trained were Kasana Luwero, Luwero, Bunyoro Kitara, Hoima, North Kigezi, Mityana and Kiyinda Mityana.

The capacity building section also carried out a series of trainings for JMS staff and distributors conducting 393-person training sessions. In addition, 29 transporter employees were trained on the fundamental elements of transporting pharmaceutical products safely.

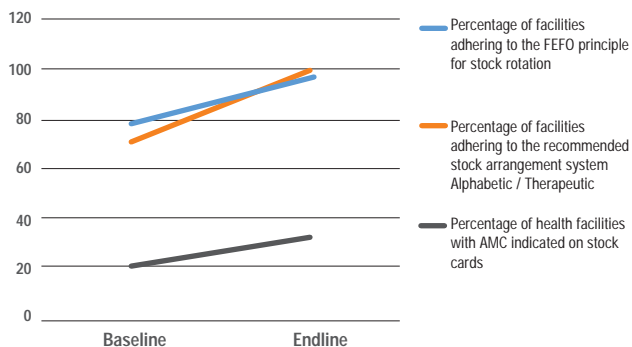
CB Training activity trends



The figure above illustrates the cumulative trend for training of health facilities

As part of the health system strengthening, JMS partnered with the Ecumenical Pharmaceutical Network-EPN on a project to improve availability of children's medicines in mission hospitals. The project was carried out in 60 lower level health units and 6 hospitals. The project resulted into improvement in a number of areas as seen in the graph below. It was also noted during project implementation that clinical guidelines need to be provided to the health facilities.

Key achievements of the childrens medicines project

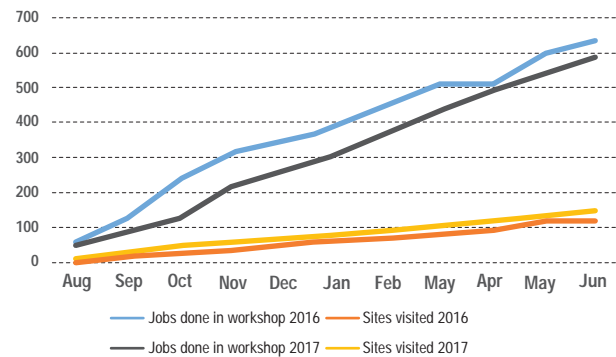


C. QUALITY EQUIPMENT: BIOMEDICAL EQUIPMENT SERVICES

In the financial year, the biomedical equipment section continued with the proactive medical equipment maintenance strategy where promotive, pre-emptive and preventive services were provided out within the health facilities on a scheduled basis. There were 772 facility visits, a 32% increase from the previous year. As a result of this strategy potential equipment problems are detected before they occur hence avoiding the down time resulting from break down that would require repairs in the workshop.

The following figure shows that the pre-emptive strategy is effective in avoiding severe equipment problems that would require it to be brought to the JMS workshop.

Cumulative Activities for 2015/16 and 2016/17



The biomedical equipment services section trained 27 hospital medical equipment technicians from 20 hospitals and two medical representatives from Northern Uganda and West Nile.

The technicians were trained both in theory and practicals by exposing them to the common types of equipment used in hospitals including theatre and ward. The trained technicians will in addition to serving their hospitals, provide support to other health facilities especially lower level units. The list of hospital beneficiaries is indicated in the table below.

32 Technicians were trained from Northern Uganda, West Nile, Western and South-Western Uganda hospitals;

HOSPITAL

Dr Ambrosoli Hospital - Kalongo	Ishaka Hospital
Nyapea Hospital	Ruharo Hospital
Aber Hospital	Kagando Hospital
Angal Hospital	Rushere Hospital
Kuluva Hospital	Kisiizi Hospital
Maracha Hospital	Virika Hospital
Comboni Hospital	Kilembe Mines Hospital
Rugarama Hospital	Ibanda Hospital
Lacor Hospital	Mutolere Hospital

In the same year JMS supported the drive to provide vital equipment and medical furniture to health facilities in Northern and North-Eastern Uganda and West Nile. JMS worked with a number of NGOs such as Mercy Cops, Medical Teams, BTC and Light Ray to supply and install over 500 pieces of assorted medical equipment and furniture to government and faith-based health facilities. Through partnerships with suppliers, JMS has been able to distribute over 50 Universal Anaesthesia machines to a number of hospitals in Uganda. Under this arrangement, the hospital pays a third of the total cost of the machine.

D) Corporate Social Responsibility;

JMS glorifies name of the Almighty through her works that support Christ's healing mission. In addition, every year, JMS invests in activities to empower health facilities serve the people in the following ways;

Increasing access to clean water;

Partnering with the medical bureaus (UCMB, UPMB, UOMB, and UMMB) JMS supported 10 health facilities access water by installing water harvesting systems worth a total of 100 million. The 10 beneficiaries were UCMB's Kyango Health Centre 2, Morulem Health Centre 3, Warr Agiermach Health Centre 3, Stella Maris Ntoroko Health Centre III; UPMB's St Luke Katiyi Health Centre, Ivukula Health Centre III, Wi – Anaka Health Centre II and Lulagala Health Centre III; UOMB's St. Nektarios Orthodox Health Centre III and UMMB's Kakungube Muslim Health Centre.



*Above; the 10,000 litre tank that was installed at the Maternity Ward at Morulem Health Centre in Abim.
Below Paediatric Ward at Kyango Health Centre Kalisizo;*



A pregnant woman fetches water at a water harvesting system donated at Warr Agiermach Health Centre in Zombo.

As a result, the program has increased access to water by both patients and staff at the selected facilities. **“The tank has helped us maintain flowing water in our maternity ward. As a result, our mothers are now safe from infections.”** Sister Warr Agiermach Health Centre.”



JMS donated drugs to Isingiro district that organised a medical camp providing free health services. (Below, Isingiro District Woman Member of Parliament receives the drugs).



Tank provided to Stella Maris Ntoroko Health Centre. **“It has helped our patients save money that was being spent on buying water from the nearby borehole thereby increasing our patient numbers.”** Mr Bwambale Dovicko In charge Stella Maris Ntoroko Health Centre

Health Camps and Donations;

During the Financial year, JMS partnered with various local government institutions, Non governmental organisations and health facilities to organise health camps. Drugs worth 50 million were donated to this cause.

International Day for Palliative Care;

To commemorate the day, JMS partnered with like minded organisations providing palliative care like Palliative Care Association of Uganda, TASO, Hospice Uganda, Mulago Hospital, Ministry of Health among others in a soccer gala to raise awareness and hope for patients. During the gala, the gallant JMS soccer team emerged the fifth.



E) Human Resource and Administration

At the end of the financial year, JMS had 108 full time contract staff, 11 Graduate Trainees, 04 Special contract staff and 13 Medical Representatives serving on special contract. We leverage on our brand as an employer of choice through deliberate human capital initiatives and strive to have a work environment that offers continuous learning opportunities and drives innovation.

Recruitment and selection

A total of 12 new staff went through a rigorous recruitment process and were appointed on a contract basis during the year. 13 fresh graduates were accepted for Graduate Trainee programme and placed in the different directorates. In addition, 15 students and 20 Pharmacy Interns were taken on for internship training during the period under review.

“I feel good because JMS has given me a point to start from. I appreciate the experience” Josline F. former Graduate Trainee.

“The most interesting moment was when I participated in writing payment vouchers to credit suppliers, and showing the complete double entry to each transaction. This was enriching as I saw the theories learnt in lecture room put in practice” Scovia N. former Student Intern

“I have thoroughly enjoyed my internship at JMS while in the Minilab. I have found the placement really beneficial, I have learnt doing different tests for example the leak tests, disintegration tests, and TLC tests to mention but a few” Deogratius N. former Student Intern

My stay at JMS was very fruitful because I learnt what a Pharmacist as a technical person can do in a supply



ED Dr. Bildard Baguma joins staff to play volleyball during the staff retreat at Mutoola Beach

chain organisation for Pharmaceutical products". Ibrahim M. former Pharmacy Intern.

"I appreciated the practical aspects of Good Distribution Practices and Good Storage Practice. These include Regulation of the distribution of pharmaceutical products, Quality System, Dispatch and Receipt, Documentation, Arrangement and segregation of items in the warehouse, Importation and Self-inspection" (Godfrey L. former Pharmacy Intern).

Performance Management

Periodic reviews (bi-annual and annual conversations) between supervisors and supervisees were undertaken to ensure alignment of individual staff efforts to attainment of JMS core business goals. Analysis of overall performance assessment rating by staff category is given in the table below.

Training and development

During the year, 17 in-house trainings were implemented and 11 staff were fully sponsored for professional development courses. Thirteen employees were internally promoted into new positions, as part of initiatives for effective human resource utilization and employee development.

Table showing in-house training events implemented

NO	THEMATIC AREA	NUMBER OF EVENTS
1	Business Development and Marketing	1
2	Customer Care	2
3	Health and Safety	2
4	Internal Business Processes	7
5	Leadership and Management	3
6	Risk Management	2

Staff Welfare, Rewards and Recognition

JMS does its best to ensure that the employees' welfare is prioritized. The Human Resource and Administration team worked with staff welfare committee and organized team building events. These included celebrating achievements together at the end of financial year party, fitness hour after work every Monday and Thursday, and departmental team building events among others.

Through departmental team building events the Departmental Team code of honour was introduced. Team building activities increased employee motivation, built trust and motivation among the employees; thereby ensuring superior productivity.

JMS has an internally managed health benefit scheme that offers health solutions to our staff and their families.

i. Provident Fund

In addition to the statutory NSSF Retirement contributory scheme, JMS rolled out a staff contributory Provident Fund scheme to enhance its employees' savings in preparation for retirement, and provide to them an additional stream of exit benefits. The scheme is managed by a Fund Administrator in Uganda- Alexander Forbes.

ii. Recognition

Ten staff were recognised for their dedicated long service to JMS in accordance with the established Recognition and Awards Guidelines. The number of staff awarded and their period of service are indicated in the table below.

Long Service Awards

LENGTH OF SERVICE	NO OF STAFF AWARDED
5 Year	6
10 Years	2
15 Years	1
25 Years	1

(10 years Emmanuel Higenyi and Kenneth Kaunda Otieno, 15 yrs Cleophas Tumusiime, 25yrs Richard Okeny)

iii. Culture change program, employee empowerment and engagement

The year 2016/ 2017 saw JMS take on a cultural change program that aimed at managing change amidst meeting customer expectations. Management worked with IFE consultants in equipping staff with a culture that promotes innovation and enhances customer satisfaction.

The Spark team was created as a champion team by Management to act as change agents. The success stories of the Spark team include initiating the weekly memo to all staff by the Executive Director, review of the small window orders to ensure that customers are served within 30 minutes and introduction of Public debates – "Ekimeeza" to provide staff with avenues of giving their input on JMS operations.

7

Major Challenges and Strategies to mitigate them

- a) **Financial challenges at health facilities** leading to high debt burden and inconsistency in orders. Next financial year, we will work with the Medical Bureaus to strengthen systems at the health facilities.
- b) **Unethical practices of some suppliers** leading to inconsistent supply of essential health supplies like Gloves. There was scarcity of medical supplies like Gloves due to unscrupulous behaviours of suppliers that returned items that had already failed quality tests. This financial year, the prequalification team will set out to ensure that all items have at least 3 prequalified suppliers.
- c) **Limited information sharing and joint planning forums**; this affects quantification hindering JMS from planning for the health facilities effectively. To counter this, JMS plans to use signing of MOUs and the Key Account Management method to obtain consumption data for appropriate stocking levels. Also, with MS ERP integration, JMS will be able to effectively link with health facility inventory management systems facilitating joint planning.



8

Business Continuity Plan: **A step into the Future**



Over the last few years, JMS has made giant strides increasing our business volume by 22.7% in total revenue over three years from 55.1 billion in 2014/2015 to 67.6 billion in 2016/2017; built and nurtured partnerships and work with the founding bodies, expanded regionally to get closer to our customers, expanded the business portfolio and increased efficiency. As we move into the future, we have a duty and obligation to consolidate these gains and build new partnerships with a view to continue to grow JMS and related businesses.

- a) Manufacturing- after 38 years of procuring, warehousing and distribution, JMS is mature to enter into the primary manufacturing business. This we believe is more sustainable, will contribute more towards the economic growth of Uganda and add more value to the churches that are our founders. This has started with the manufacture of nutraceuticals and will continue to grow.
- b) Regional centres - Having established a branch in Mbarara and seen the dividends therefrom, land has been acquired in Mbale and plans are underway to establish a regional warehouse.
- c) Skilling of Staff - Any organization can only be as good as its human capital. We intend to continue supporting our staff and customers' staff to improve their skills so that we are able to serve our customers better and more efficiently. Each of our staff is now obliged to take relevant trainings to improve their skills and knowledge.
- d) Use of ICT- We envisage a business where JMS and the customer are more intimately inter-linked through ICT to ensure that the customers' needs and capabilities/stock of JMS are matched to help increase efficiency. The upgrade of the ERP with B-2-B inter-linkages will better prepare us for the customer of the future. Communication and interaction will also be greatly enhanced.
- e) Partnerships and Advocacy-strengthening existing partnerships and building new ones to enhance customer value. This will include JMS-Manufacturer relationships, strengthened partnerships with government; government agencies and development partners. Advocacy will also be enhanced to increase public knowledge of JMS as well as targeted advocacy for business growth. Partnerships with the founding bureaus and the churches will also continue to be an area of focus and growth.

Our focus therefore into the future will be a mixture of consolidation of our 38 years achievements as well as vertical and horizontal expansion into new areas of operations while ensuring available skilled and motivated human capital and ICT facilitation.



JMS has partnered with Doctor's Choice to manufacture nutraceuticals named Replenish +an Immune Boaster, they are expected to be available on the market by December 2017.

ANNEX

Board Members



Mr. Rhobert Korutaro
Board Chairperson



Dr. Lawrence Ojom
Deputy Chairperson



Dr. Bildard Baguma
Board Secretary



Canon Richard Obura Onyang
Board Treasurer



Dr. Tonny Tumwesigye
UPMB - Executive Director



Dr. Sam Orochi Orach
UCMB - Executive Director



Dr. Margaret Mpalama
UPMB
Member



Dr. Patrick Sagaki
UPMB
Member



Rev. Fr. Henry R. Waiswa
UCMB
Member



Ms. P.K. Nshangano
UCMB
Member



Mr. Freddy Eric Kitutu
UCMB
Member

Moving closer to our customers, Staff painting the Mbarara town zebra crossing during the inauguration of the Mbarara Branch.





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