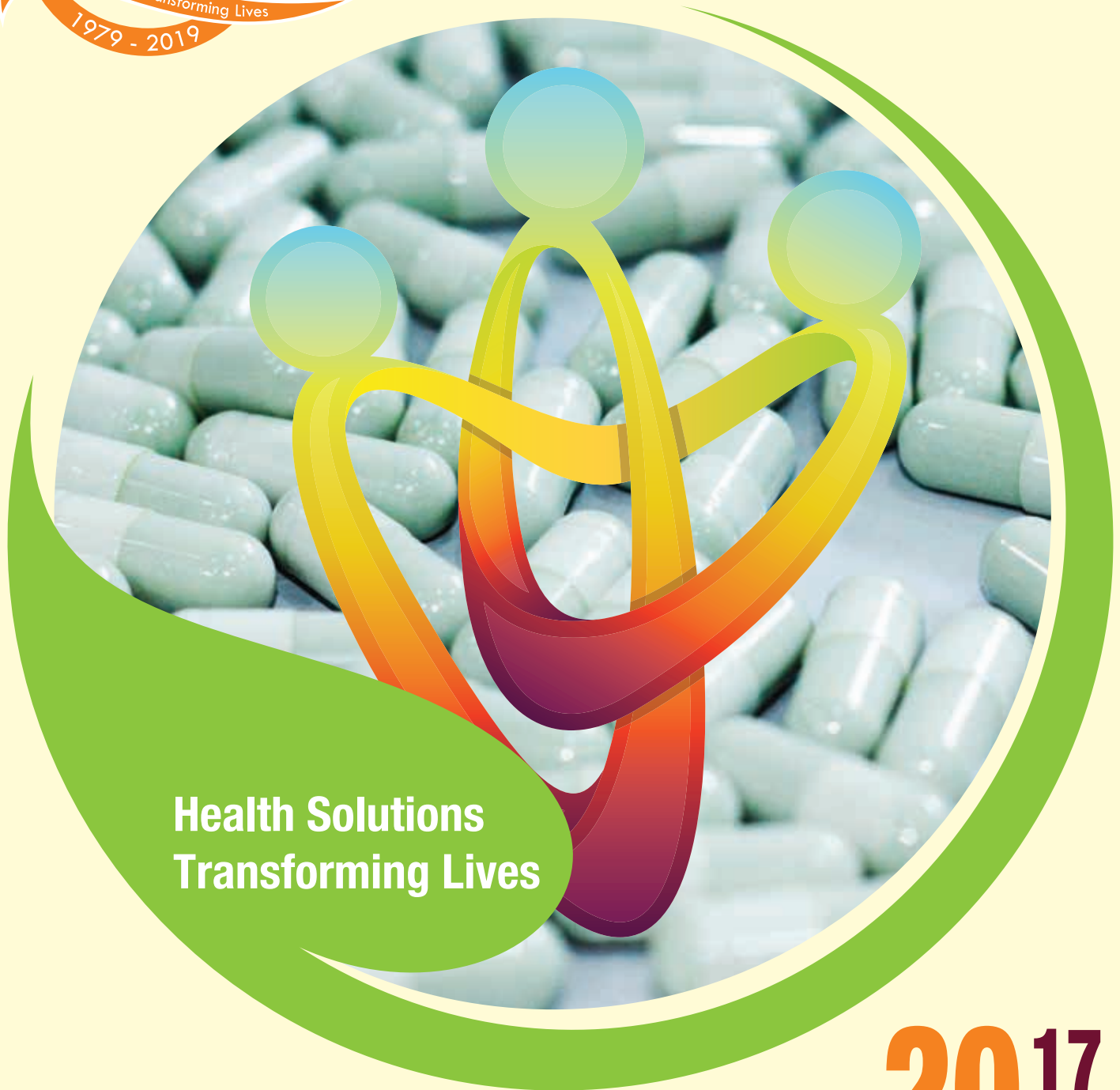




**JMS**

JOINT MEDICAL STORE



**Health Solutions  
Transforming Lives**

**20<sup>17</sup><sub>18</sub>**  
**ANNUAL REPORT**



## John 15:5

*I am the Vine; you are  
the branches. If you  
remain in me and I  
in you, you will bear  
much fruit; apart  
from me you can do  
nothing.*





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# List of Acronyms

<b>ACT</b>	Artemisin Combination Therapy	<b>MeTA</b>	Medicines Transparency Alliance
<b>AIDS</b>	Acquired Immune Deficiency Syndrome	<b>MHU</b>	Member Health Unit
<b>AMR</b>	Anti Microbial Resistance	<b>MIS</b>	Management Information System
<b>ART</b>	Antiretroviral Therapy	<b>MOD</b>	Ministry of Defence
<b>ARV</b>	Antiretroviral	<b>Mn</b>	Million
<b>Bn</b>	Billion	<b>MoH</b>	Ministry of Health
<b>BoD</b>	Board of Directors	<b>MoU</b>	Memorandum of Understanding
<b>CHAI</b>	Clinton Health Association Initiative	<b>MR</b>	Medical Representative
<b>CME</b>	Continous Medical Education	<b>MTCs</b>	Medicines Therapeutics Committees
<b>CoU</b>	Church of Uganda	<b>NCDs</b>	Non Communicable Diseases
<b>CSR</b>	Corporate Social Responsibility	<b>NDA</b>	National Drug Authority
<b>DHCs</b>	Diocesan Health Coordinators	<b>NGO</b>	Non-Governmental Organization
<b>DRC</b>	Democratic Republic of Congo	<b>PPM</b>	Planned Preventive Maintenance
<b>DJMS</b>	Diocese of Jinja Medical Services	<b>PNFP</b>	Private not for profit
<b>D2V</b>	Direct to vendor Sourcing	<b>PR</b>	Public Relations
<b>DTC</b>	Drug and Therapeutics Committees	<b>QA</b>	Quality Assurance
<b>EOI</b>	Expression of Interest	<b>QMS</b>	Quality Management System
<b>EPN</b>	Ecumenical Pharmaceutical Network	<b>RODS</b>	Regular Order Delivery Schedule
<b>EMHS</b>	Essential Medicines Health Supplies	<b>SOP</b>	Standard Operating Procedure
<b>ERP</b>	Enterprise Resource Planning	<b>SPARS</b>	Supervision Performance and Recognition Strategy
<b>EU</b>	European Union	<b>STGs</b>	Standard Treatment Guidelines
<b>FEFO</b>	First Expired First Out	<b>TASO</b>	The AIDS Support Organisation
<b>GDP</b>	Good Distribution Practice	<b>UCMB</b>	Uganda Catholic Medical Bureau
<b>GLP</b>	Good Laboratory Practice	<b>UGX</b>	Uganda Shillings
<b>DRC</b>	Democratic Republic of Congo	<b>UPDF</b>	Uganda Peoples' Defence Forces
<b>GMP</b>	Good Manufacturing Practice	<b>URC</b>	University Research Co
<b>GSM</b>	Global System for Mobile Communication	<b>UMMB</b>	Uganda Muslim Medical Bureau
<b>GSP</b>	Good Storage Practice	<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>HIV</b>	Human Immuno-deficiency virus	<b>UOMB</b>	Uganda Orthodox Medical Bureau
<b>ICGU</b>	Institute of Corporate Governance of Uganda	<b>UPHSP</b>	Uganda Private Health Support Program
<b>ISO</b>	International Standard Organization	<b>UPMB</b>	Uganda Protestant Medical Bureau
<b>IT</b>	Information Technology	<b>USAID</b>	United States Aid for International Development
<b>JHC</b>	Joint Health Care	<b>VPL</b>	Virika Pharmaceuticals Limited
<b>JMS</b>	Joint Medical Store	<b>VEN</b>	Vital Essential and Necessary
<b>LLINS</b>	Long Lasting Insecticidal Nets	<b>WHO</b>	World Health Organization
<b>LTR</b>	Local Technical Representative	<b>PHC</b>	Primary Health Care
<b>M &amp; E</b>	Monitoring and Evaluation		



# 1

## JMS 39 Years' *Journey*



# Statement of the Chairman Board of Directors

*"The trumpeters and musicians joined in unison to give praise and thanks to the LORD. Accompanied by trumpets, cymbals and other instruments, the singers raised their voices in praise to the LORD and sang: "He is good; his love endures forever."*

*Chronicles 5:13.*

Having been given the great opportunity to lead as Board Chairman for the last four-years, we have been building onto the work of the previous and current current Boards of Trustees and Directors, Committees and Stakeholders. To this effect, I extend great thanks for the time, sacrifice and stewardship.

The work of JMS is a demonstration that the Churches can work together. We thank the Episcopal conference and the House of Bishops for the good will that enables us to continue building onto the Christ Healing mission every day.

The Board greatly appreciates the great work by the management and staff for the creativity, innovation and passion to make JMS an organisation of choice.

As a result of the support offered by the different stakeholders, JMS witnessed solid growth making it a sustainable and robust supply chain organisation. To consolidate this growth, JMS shall, in the next financial year, invest immensely in Bio Medical Technology to enhance diagnosis in the Health facilities thereby ensuring accurate response to disease patterns. In addition, support shall be provided to ensure risk management and compliance of the various initiatives undertaken.

In the past, JMS has acted as a procurement and distribution company for assorted Quality Health Solutions. However, during the year, various manufacturing initiatives were undertaken to enhance the production of medicines and sundries here in Uganda. Already, JMS through its newly formed subsidiary company Joint Health Care Investments Limited, partnered with Doctor's Choice producing nutraceuticals in Jinja. These were received positively onto the market.

We appreciate Government for supporting the manufacturing agenda by assisting JMS acquire land in Namanve and Kapeeka. Over the years, Government has relentlessly offered a platform for JMS to complement its efforts in the Health Sector. During the year 2017/18, JMS was given the responsibility of procurement and distribution of Essential Health Medicines and Supplies under the Primary Health Care grant and distribution of donor funded HIV and Anti-Malarial commodities to patients around the country through the Private Not for Profit Health facilities. This was done meticulously thereby increasing availability of Quality Health Supplies around the country.

In preparation for the future, the Strategic Plan 2015/16-2017/18 was reviewed and an extension 2018/19-2020/21 discussed and approved. During the next 3 years, the focus shall be health systems strengthening initiatives, availing quality and cost-effective essential medicines and health care supplies and sustainability.

As we edge towards the 40<sup>th</sup> year milestone next financial year, the journey towards the golden jubilee will be coloured by more partnerships with the Accredited Health facilities, Government and Development partners to enhance Bio-medical Technology and online systems to strengthen transparency, efficiency and effectiveness in the supply chain.

**Mr. Rhobert Korutaro**  
Chairman Board of Directors.



*Having been given the great opportunity to lead as Board Chairperson for the last four-years, we have been building onto the work of the previous and current Boards of Trustees and Directors, Committees and Stakeholders. To this effect, I extend great thanks for the time, sacrifice and stewardship.*

# Executive Director's Statement

**C**omprehensively, JMS achieved a growth of 16% in the through put volume of services offered. On average, 67% of the total Health solutions distributed were Medicines and Sundries.

Believing in our Vision of being the leading supplier of Quality Health Solutions, we enhanced our customised pharmaceutical storage capacity from 8,500 to 10,000 pallet positions. The newest state of the art Prof. A.M Odonga Warehouse was commissioned in Nsambya allowing JMS to merge all its operations including the third party Logistics. This facilitated efficiency and optimisation of resources.

As a result of the continued partnership with the Ministry of Health and National Drug Authority, JMS distributed Emergency Medicines and Health Supplies using 50% of the Primary Health Care grant credit line to over 500 Health facilities spread around the country. The total absorption of the fund by the Health facilities was 99.9%. This led to increased availability and access to Quality health solutions by the citizenry; efficiency and accountability of the grant.

Also, partnering with the Development partners in particular USAID and Ministry of Health, we distributed HIV/AIDS-related commodities to 311 active ART sites which is a 7% increase from last year, providing ARVs to 105,810 patients living with HIV across 80 districts. There was a 2% increase in the number of patients supported in comparison to last year.

We also continued to supply anti-Malarials to the PNFP sector supported by Global Fund and USAID, through Principle Recipient (PR) 2 TASO where 2,013,302 LLINS were distributed to public and PNFP sector Health Facilities compared to 1,400,840 LLINS last year and 1,923,480 doses of ACTs for uncomplicated malaria and 699,160 doses of Artesunate for severe malaria to 746 facilities in 112 districts. 86% of these were distributed adhering to a published delivery schedule. We thank all partners for the commitment towards ensuring the Uganda population receive the above medical supplies.

In addition to the published bi-monthly delivery schedule, we launched the Regular Order Delivery Schedule (RODS) that enabled us deliver Health products along each route around the country at least once every

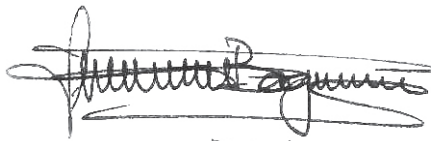
month. This facilitated consolidation of consignments thereby reducing the cost of last mile delivery and enabling the Health facilities access Quality Health Solutions more regularly. We plan to intensify awareness campaigns such that more Health facilities embrace it.

To achieve all these milestones, we worked with a strong engine of Management and staff that passionately worked hard, never relenting to hard circumstances like adverse weather that made the roads impassable and agility for distribution of emergency supplies around the country.

I also thank the Board of Directors for the stewardship and oversight. I thank Mr. Rhobert Korutaro our Board Chairman for his passion. As he ends his four-year tenure, we will always treasure his inspiring speeches and attention to detail that have propelled JMS to consolidate the milestones achieved.

Next year, JMS shall mark 40 years of contributing to Uganda's Health sector and the Christ Healing Ministry. Reflecting back on our humble beginnings with less than 200 pallet positions yet with a responsibility of supplying the populace that was in turmoil during the Idi Amin war torn period. We are thankful to the Medical Bureaus that have supported and walked with JMS enabling it create a formidable Supply Chain that shall continue offering Health Solutions that Transform lives to generations.

As we commence the journey to the Golden jubilee, we hope to intensify efforts in Manufacturing by increasing the health products manufactured under the JMS Subsidiary company Joint Healthcare Investments Limited, collaborate with the mission based facilities such that we grow together and continue positioning JMS along the path of growth for the glory of God.



Dr. Bildard Baguma  
**Executive Director**



# 16%



## GROWTH IN REVENUE

“

### KEY STATS

**67%**

of total sales from medicine and sundries

**10,000**

Pallet positions in total after the commissioning of the Prof. A.M Odonga Warehouse.

**500**

Health facilities spread around the country benefited from the PHC grant. The total absorption of the fund by the Health facilities was 99.9%.

**105,810**

patients living with HIV across 80 districts received ARVs provided by JMS

**2,013,302**

LLINS were distributed to public and PNFP sector Health Facilities compared to 1,400,840 LLINS distributed last year and

**1,923,480**

doses of ACTs for uncomplicated malaria and

**699,160**

doses of Artesunate for severe malaria to 746 facilities in 112 districts



It is now 39 years since the 2 Churches through their Medical Bureaus – the Uganda Catholic Medical Bureau and the Uganda Protestant Medical Bureau partnered together to form Joint Medical Store. Registered as a Corporate Body under the Trustees Incorporation Act Cap 165, JMS has remained committed to its Mission ensuring that the Mission Health facilities and other actors in the Health Sector such as Government, Private Not for Profit facilities and Private health providers access Quality Health Solutions.

JMS is licensed by the National Drug Authority to engage in the import, export, wholesale and distribution of medicines and related health supplies.



## Vision

To be the leading Supplier of Quality Health Solutions for the Glory of God



## Mission

To supply affordable Quality Health Solutions in an efficient manner assuring a preferential position for Medical Bureaus and Sustainability of Member Health Units.



## 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



# Executive Committee



Mr. Emmanuel Higenyi  
**DIRECTOR TECHNICAL  
SERVICES**

Mrs. Joanita Namutebi Lwanyaga  
**DIRECTOR CUSTOMER  
SERVICES**

Ms. Mary Katusime  
**DIRECTOR FINANCE**

Mrs. Denise Tusiime Mutambi  
**DIRECTOR BUSINESS  
DEVELOPMENT AND  
PROCUREMENT**

Dr. Bildard Baguma  
**EXECUTIVE DIRECTOR**



## 2

*Journey towards:*  
**Sustainability and  
Growing Business**

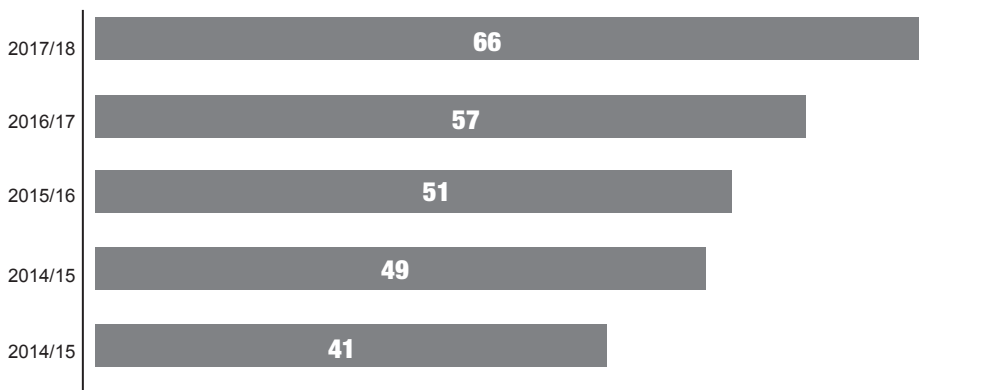
## 2.0 Growing Business

### 2.1 Business Development

During the year, JMS witnessed a 16% growth rate as seen in the graphs below. In addition there has been an increasing trend in total sales, total revenue and sales to the accredited facilities.

#### 2.1.1 Sales trends for 5 years

**Figure 1: SALES TRENDS UGX IN BN**



**Figure 2: Sales trends**

#### TRENDS ANALYSIS OVER THE LAST 5 YEARS 'BN

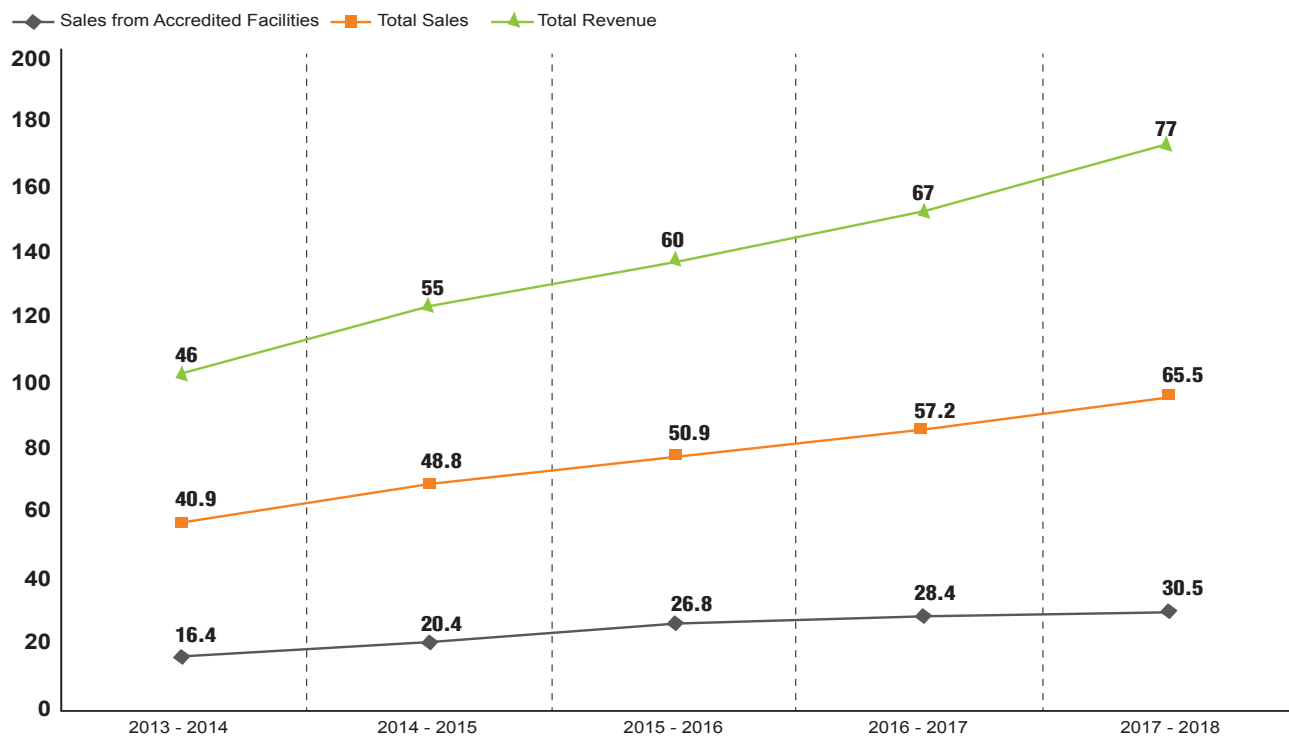


Table 1: Gross sales per market segment – authority

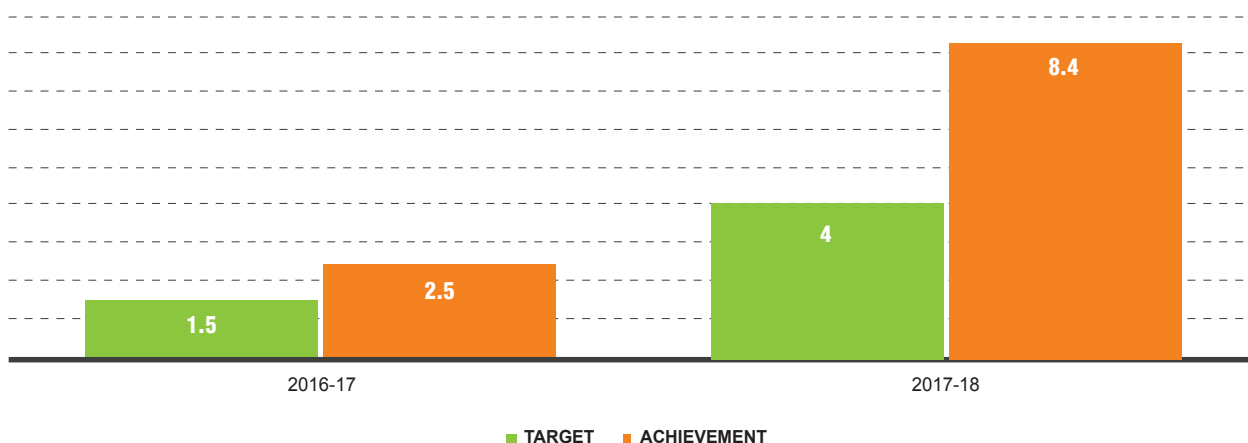
	2015/16 '000,000	2016/17 '000,000	2017/18 '000,000	
Segment	Amount	Amount	Amount	% Achievement
UCMB	14,863	13,505	14,275	21.6
PRIVATE	14,636	13,191	16,806	25.4
UPMB	8,400	8,964	9,622	14.6
NGO	5,976	8,922	11,163	16.9
DISTRIBUTORS	4,300	6,491	6,662	10.1
GOVT	2,220	2,819	4,317	6.5
EXPORT	1,351	2,714	2,404	3.6
UMMB	346	404	649	1.0
UOMB	120	127	215	0.3
Gross Total Sales	52,191	57,136	66,112	
<b>Target</b>	<b>65,000</b>	<b>69,000</b>	<b>74,000</b>	
<b>%ge Achievement</b>	<b>80</b>	<b>83</b>	<b>89</b>	
Growth Rate		10%	16%	

**Notes**

- Achievement % is against JMS Total Target for year including projects; otherwise for sales revenue it was 67bn giving us 99% achievement.
- PHC boosted performance for UMMB and UOMB & government performance mainly was from MOD/UPDF
- Export business slightly went down due to DRC's new policies on importation. However, they have stabilised and we hope and improvement for the next financial year.

**2.1.2 Tenders**

Figure 3: Tender value for the last 2 years

**TENDER PERFORMANCE 'BN**



**Notes:**

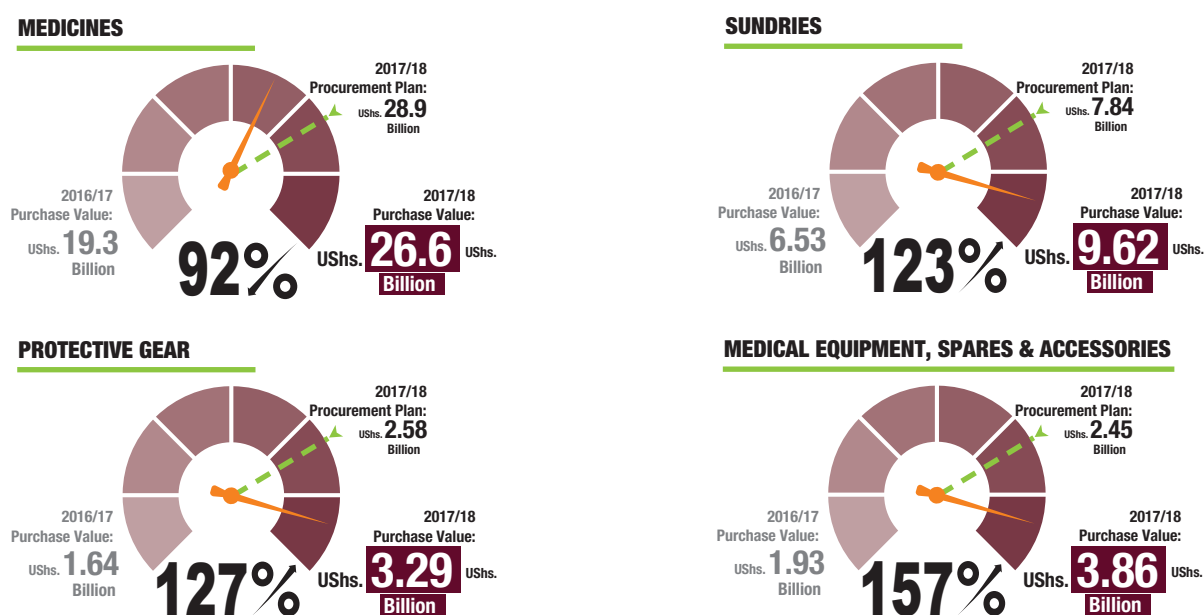
- i. Most of the business to the Government & NGOs segments went through competitive bidding. Having improved our tender management, we registered excellent performance under this segment.
- ii. Price flexibility is another area that has supported our tender performance.

**Table 2: REGULAR SALES PER PRODUCT CATEGORY' BN**

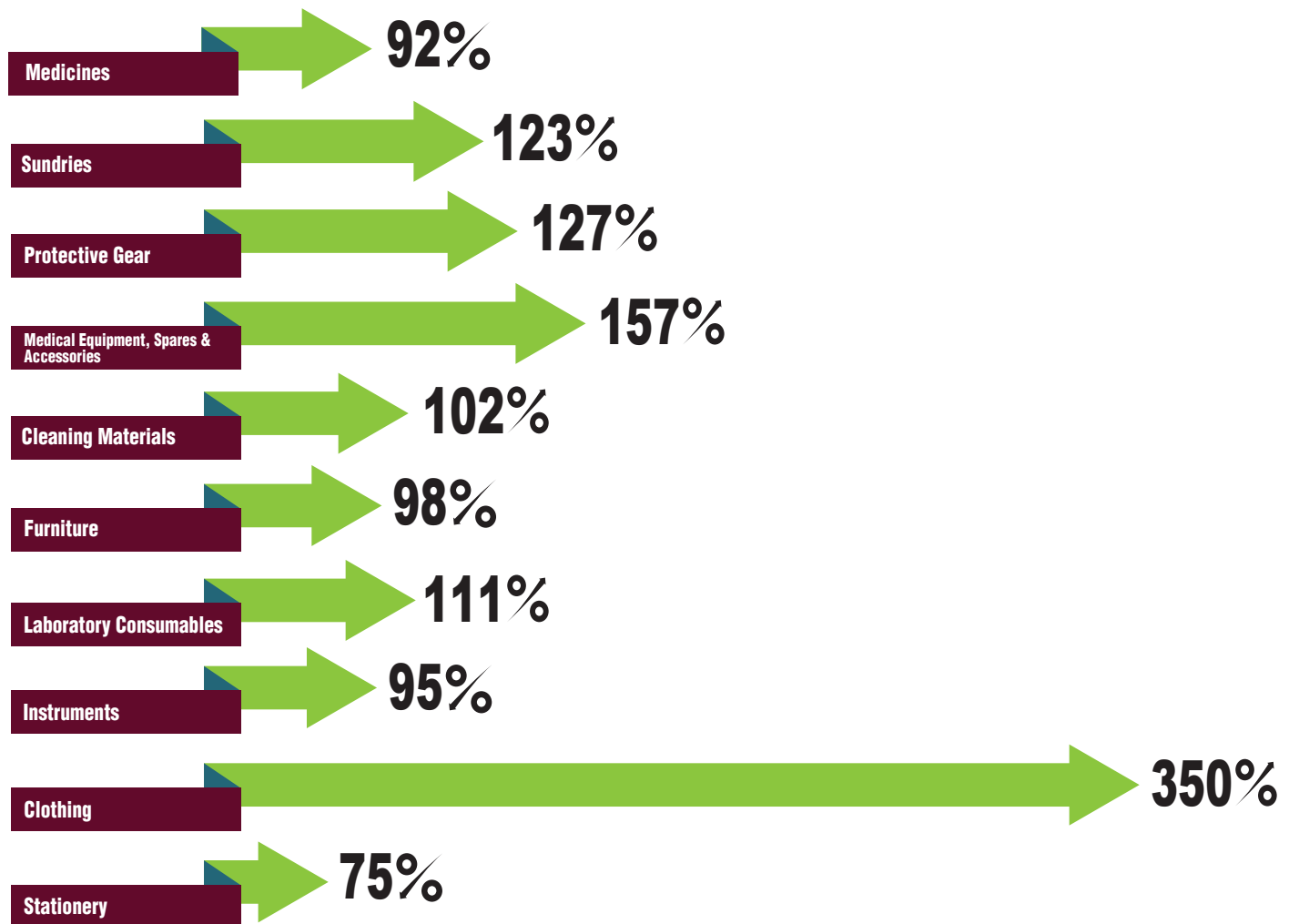
Product Category	% 2015/16	% 2016/17	% 2017/18
Medicines	40.8	40.8	45.1
Medical Sundries	25.9	24.4	22.1
Laboratory Supplies	4.7	5.3	5.1
Spares	0.6	0.7	0.6
Equipment & Accessories	5.9	7.7	10.9
Instruments	0.9	2.2	1.2
Stationery/Books	0.0	0.0	0.03
Cleaning Agents	2.7	3.2	2.2
Linen/Clothing	0.2	0.1	0.2
Non-Stock Items	3.2	2.5	4.6
Supplier Consignment Inventory	15.0	13.0	8.0

## 2.2 Procurement

JMS has amassed expertise in sourcing quality affordable health solutions from various parts of the world. Below is the purchase value percentage against the procurement plan.

**Figure 4: Purchase Value vs The Procurement Plan – 2017/2018**

### 2.2.1 Purchase Value vs The Procurement Plan – 2017/2018



SUB TOTAL	104
SPECIAL ORDERS	112
GRAND TOTAL	108

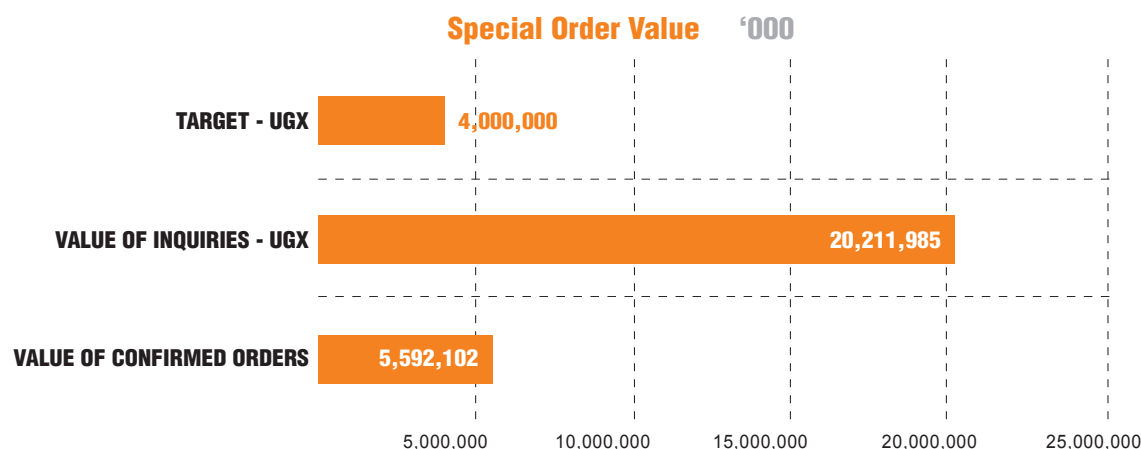
**Note:**

*Performance in Medical Equipment and Clothing increased due to the rise in demand especially in the tenders. Decline in protective gear particularly gloves, was due to sourcing challenges.*

## 2.2.2 Emergency & Special Order contribution to total purchases

### Special Orders

Figure 5: Special order Value; 2017/2018



- Performance in terms of value was at 111%
- Number of inquiries received during the year were 847; out of which 518 were confirmed giving a conversion rate of 61% against the target of 50%
- Good performance noted in special orders is attributed to
  - Improved follow up of the special order quotations to the customers
  - Improved tender performance
  - Dedicated staff

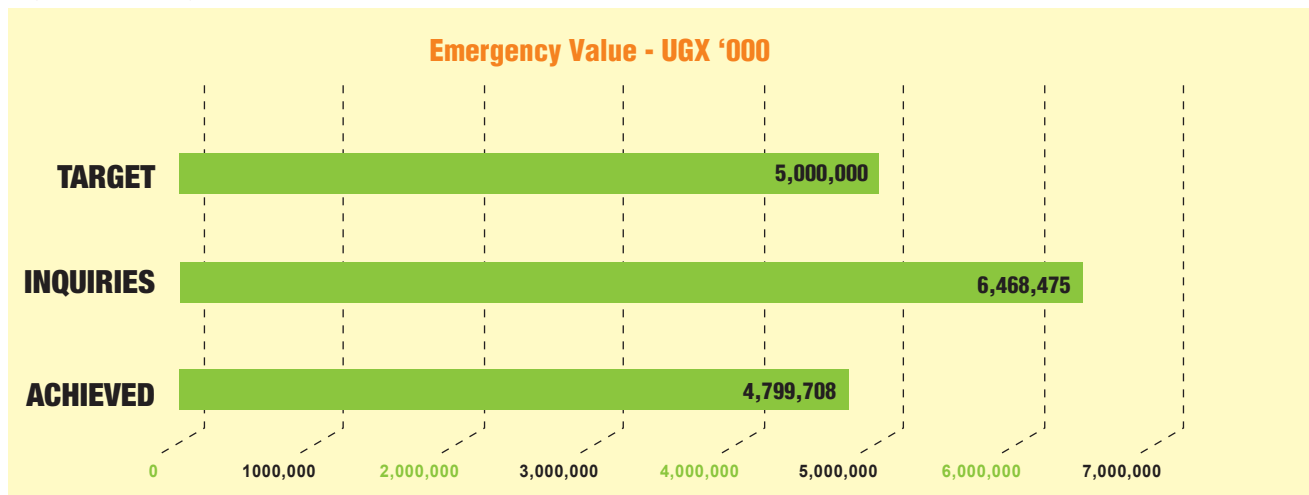
**However, value of inquiries compared to what was converted into orders (28%); shows that there is still much room to grow this service**

## 2.2.3 Emergency Orders

These can be defined as products with different brands, not stocked at JMS but needed on short notice, shelf life below 65% and or stocked out at the time of customer order placement.

To ensure 100% order fill rate, JMS has designated staff that handle emergency orders. These are defined as orders with products that are out of stock at the time of order placement. Below was the performance;

Figure 6: Emergency order value



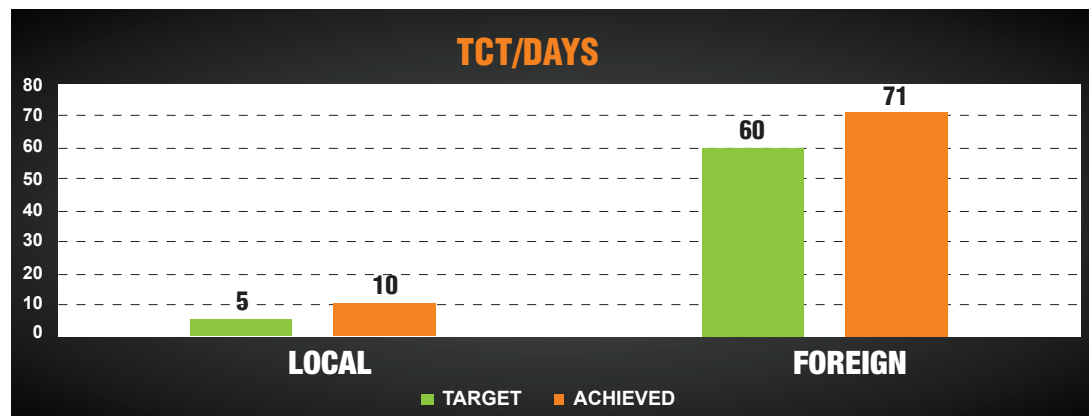


**Note:**

1. Our performance level was at 96%
2. Our target for confirmed emergency orders value was 85% and we achieved 74%

## 2.2.4 Transaction Cycle Time

Figure 7: Average days taken to receive consignments



Transaction cycle time refers to the time taken to receive a consignment after ordering. It is recommended that a short time is taken to enhance efficiency. Below are the strategies that will be employed next financial year to enhance the transaction cycle time against the target.

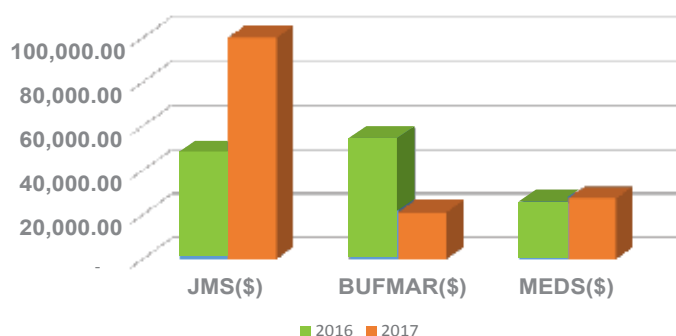
- i. Local; we will intensify engagement and order follow up with suppliers to ensure the delivery per schedule improves.
- ii. Foreign; a supplier conference has been scheduled for next financial year.

## 2.2.5 Pooled Procurement for East Africa Faith Based Drug Supply Organizations

The Pooled Procurement Mechanism is a strategic initiative agreed upon by the Faith Based Drug Supply Organizations (DSO) in East Africa (Joint Medical Store (JMS)- Uganda, Bureau des Formations Medicales Agrees au Rwanda (BUFMAR), Mission for Essential Drugs Supplies (MEDS)- Kenya, Mission for Essential Medical Supplies (MEMS)- Tanzania) to improve access and affordability of essential Medicines and health supplies.

The partnership is aimed at aggregating order volumes on behalf of participating DSOs through Ecumenical Pharmaceutical Network to ensure benefits of bulk procurement and negotiations from manufacturers. In 2017, the Pooled Procurement Mechanism managed approximately US \$850,281.36 in orders serving 4 countries. There was growth in saving across all the DSOs of 17% from 2016.

Figure 8: **ACTUAL GROSS SAVING FROM POOLED PROCUREMENT**



The number of products awarded under pooled procurement for JMS has grown from 2 to 8 as shown below.

- |                            |                        |                      |
|----------------------------|------------------------|----------------------|
| a) Azithromycin Tab 500 Mg | e) Surgical Gloves 8.0 | i) Products 2016     |
| b) Azithromycin Syrup      | f) Surgical Gloves 7.5 | j) Exam Gloves       |
| c) Ferrous Sulphate Tabs   | g) Examination Gloves  | k) Metronidazole Inj |
| d) Surgical Gloves 7       | h) Hepatitis B Vaccine |                      |

## 2.3 Bringing services closer to the people - Accessibility

JMS is responsible for safe delivery of essential health supplies products throughout the country. JMS traversed the country using state-of-the-art resources including trucks, vans and motorcycles and validated temperature regulated cold chain trucks. 80% of deliveries were made as per published delivery schedule (RODS). Cost of distribution in relation to value of the orders was at 2.4 % through use of order consolidation, utilisation of trucks at full capacity, use of big volume trucks per route etc.

Strategic partnerships with Third Party Logistics and distribution outlets, enabled JMS to respond quickly to the ever expanding client needs and emergency drug requests. JMS operated 3 regional outlets in the financial year with the closure of Pepacare Maracha Hospital Limited that was elevated to Branch status.

### 2.3.1 Performance of the Distribution Outlets

- Masaka Diocese Medical Services Limited (MDMS), the JMS distribution outlet in the Greater Masaka Region, delivered its mandate achieving 84% of the 3.8 Bn target in the financial year.
- Virika Pharmaceuticals Limited (VPL), the JMS Rwenzori Region Distributor serving Mubende, Kamwenge, Kyegegwa, Kyenjojo, Kabarole, Ntoroko, Kasese, Bundibugyo districts achieved 121% of its 1.9Bn UGX target in the financial year.
- Diocese of Jinja Medical Services Limited (DJMS), the JMS regional distributor serving the Eastern Region districts of Bugiri, Busia, Buyende, Iganga, Jinja, Kaliro, Kamuli, Luuka, Mayuge, Namayingo and Namutumba achieved 63% of its 1.9 Billion target in the financial year.

## 2.4 Support to the Government Programs (Donor Funded Products)

### 2.4.1 PHC Grant through Ministry of Health

To ensure optimal use of the Primary Health Care (PHC) grant while increasing access to essential medicines in the Private Not for Profit (PNFP) health sub sector, the Ministry of Health established an essential medicines and health supplies credit line at Joint Medical Store. The aim of centralization of a proportion of this grant is to ensure availability, cost effectiveness and appropriate use/ distribution of Essential Medicines & Health Supplies (EMHS) in the private not for profit health sub sector.

By centralizing 50% of the PHC grant to health facilities at JMS, for the purchase of selected Essential Medicines and Health Supplies, there was increased transparency in the use of the funds and benefits from pooled procurement leading to improved affordability and availability for the patients that access services from these facilities.

Joint Medical Store, on behalf of the Ministry of Health procured and distributed Essential Medicines & Health Supplies (EMHS) based on the EMHS annual budget allocations per facility issued by MOH.

Table 4: Performance of the PHC grant through Ministry of Health

Indicator	Achievement	
Ordering rate	100%	
Facility utilization of allocated amount	99.9% (7,399,805,131/= out of 7,400,000,000/=)	
Order fill rate	100%	
VEN classification of items	Vital	64%
	Essential	23%
	Necessary	14%
Average delivery time	3.8 days	



A PHC consultative meeting being held at Silver Springs Hotel. The meeting reviewed the products that can be availed using the PHC Credit line by Health Facilities of different healthcare levels. Left, Mr. Kabagambe Richard Ag Assistant Commissioner (Budget and Finance) Ministry of Health addressing the participants on the importance of absorption of the fund.

## 2.4.2 PHC Grant through Kampala Capital City Authority (KCCA)

Table 5: Performance of the PHC grant through KCCA

Indicator	Achievement	
Ordering rate	100%	
Facility utilization of allocated amount	100% (359,079,838.76 out of 359,094,533/=)	
Order fill rate	99.9%	
VEN classification of items	Vital	57%
	Essential	27%
	Necessary	16%
Average delivery time	2.3 days	

## 2.5 Donor Funded Commodities

JMS was awarded a contract by USAID through its contractor Partnerships for Supply Chain Management (PSM) - Chemonics 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, Ministry of Health allocated JMS 342 health facilities with 311 offering active ART services. This is a 7% increase from last year. Under the same partnership, JMS supplied ARVs to 105,810 patients living with HIV across 80 districts. This was a 2% increase in number of patients supported in comparison to last year.

JMS also continued to supply anti-malarials to the PNFP sector donated by Global Fund through Principle Recipient (PR) 2 TASO.

### 2.5.1 Achievements

Facility reporting improved for HIV commodities from 100% in the FY

1. Distributed 2,013,302 LLINS to public and PNFP health sector Health Facilities compared to 1,400,840 LLINS distributed last year.
2. Quality of facility reports improved from 76% to 80% as a result of the intensified training by the Technical Representatives.
3. Distributed 1,923,480 doses of ACTs for uncomplicated malaria and 699,160 doses of Artesunate for severe malaria to 746 facilities in 112 districts. The antimalarial doses distributed were worth USD 2,220,160.56.
4. JMS also distributed Paediatric 1st and 2nd line, Adult ARVs 1<sup>st</sup> and 2nd line ARVs donated by USAID.

Table 6: ARVs distributed

	Doses	Value USD
ARVs Adult	1,480,928	9,261,629.07
ARVs Paed	120,157	458,647.04
Opportunistic Infections Medicines	56,443	610,286.19

On average, 88% of all donor funded commodity customers received their commodities as per published schedule. With the technical representatives in the field, we hope to close the gap to receive and process orders as per the published delivery schedule.



**1,923,480** Doses of ACTs for uncomplicated Malaria distributed

**699,160** Doses of Artesunate for severe malaria

**2,013,302** LLINS distributed

**76%** Quality of facility reports

**2,220,160.56** USD worth of Anti-malarial doses distributed



**105,810** patients living with HIV across 80 districts received ARVs



## 2.6 Sustainability

### 2.6.1 Embracing ICT to enhance sustainability

The focus of ICT for the financial year was on security and innovations to improve user experience, usability of systems, productivity of staff and equipment as well as efficiency of operations.

<b>Enhanced systems and data security</b>	<ol style="list-style-type: none"> <li>1. A reliable backup system was developed through Windows Server back-up role thus enhancing security</li> <li>2. A folder redirection solution was developed to reduce the risk of losing data due to damage or loss of computer.</li> <li>3. JMS supported the ICT infrastructure for the distribution outlets such as Local Area Network (LAN) and back-up at Virika Pharmaceuticals Limited; installed daily backups at Masaka Diocesan Medical Services.</li> </ol>
<b>Enhanced productivity of staff and systems</b>	<ol style="list-style-type: none"> <li>1. IFS ERP Uptime was enhanced thus minimising incidents that could result into loss of sales</li> <li>2. A program was designed to streamline and consolidate all communication on stock-outs between the Procurement Department and the Customer Relations section</li> </ol>
<b>Enhanced user experience, efficiency productivity</b>	<ol style="list-style-type: none"> <li>1. E-Mail systems improved to allow users access their mail from mobile devices by implementing the Microsoft exchange</li> <li>2. IFS ERP upgrade was initiated and testing enhancements in new application done. The upgrade ushered in a new era for better management of key accounts; projects; online ordering and last mile traceability for consignments delivered to health facilities</li> <li>3. Remote connectivity to selected ICT resources was implemented.</li> </ol>
<b>Enhanced productivity of staff and efficiency</b>	<p>A system for stock take variance analysis and paper use reduction was designed. This innovation significantly reduced the time taken to do stock take data entry and risk of wrong data entry through the process of transcription from count sheets to a final count.</p>



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3

*Journey towards:*  
**Quality Products  
and Services**

## 3.1 Warehousing Facilities

The warehousing infrastructure used in the financial year consisted of five modern warehouse facilities with 3 located in the CBD of Kampala, one in Mbarara and another in Arua bringing the total number of pallet positions for storage real-time inventory management, ambient and cold-chain storage capacity to 10,000. 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.

JMS took over the management of Arua Branch with effect from 16<sup>th</sup> July 2017 enhancing customer service in the West Nile Region,

JMS also merged the operations of Projects and regular business with effect from 8<sup>th</sup> January 2018 which entailed shifting the staff, stock and setting up the needed infrastructure. This optimised the space utilisation, logistics planning and distribution.

Average inventory holding throughout the year was \$18M compared to \$16M last year. 80% of this included USAID donated stock for public sector. Warehouse utilization was at 95%.

## 3.2 Quality Assurance

To mitigate the risk of distributing substandard or poor quality medicines and healthcare products, the Quality Assurance (QA) department carries out acceptance testing on products at point of receipt using approved test methods and equipment. In this regard, the QA Department routinely carries out physico-chemical analysis on batches of products before receipt. The average monthly batch testing rate increased from 5.3 batches in 2016/17 to 9.2 batches in 2017/18. The cumulative batch testing rate for 2017/18-year end was 110 compared to 63 for 2016/17 (*Figure 9*). The testing rate increased by 75% leading to a reduction of the product technical complaints by 80% (*Figure 10*)

**Figure 9: Comparative cumulative batch testing rate**

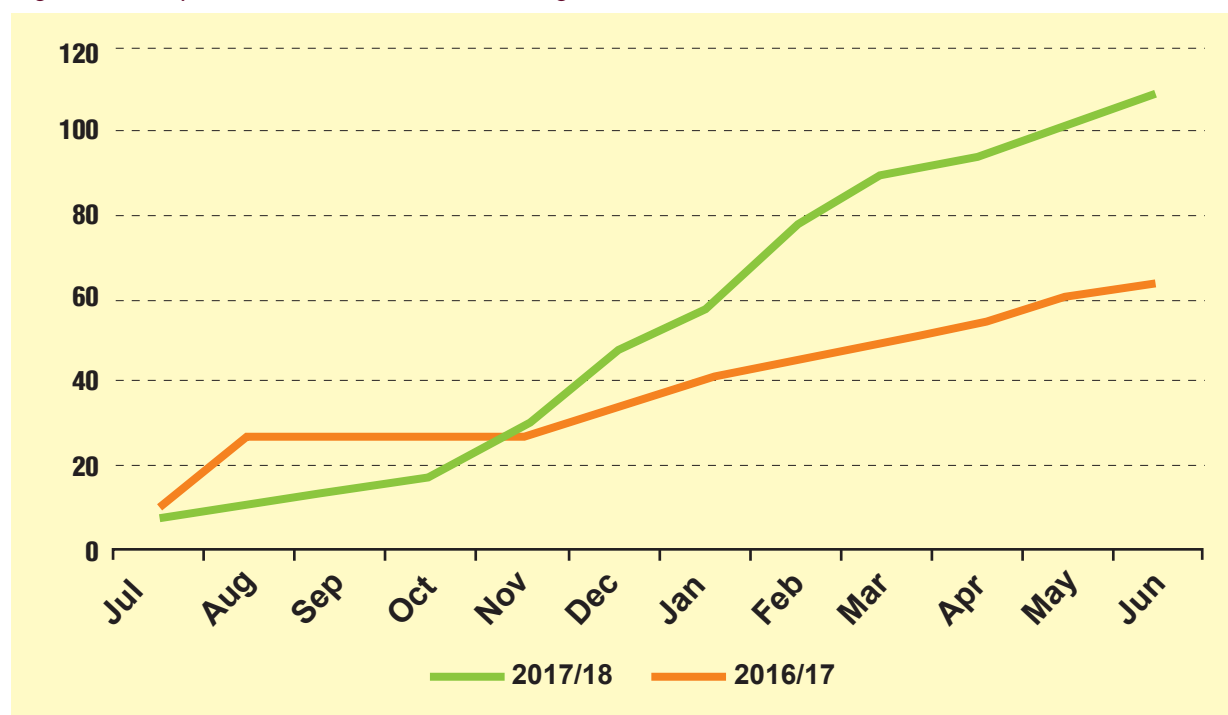
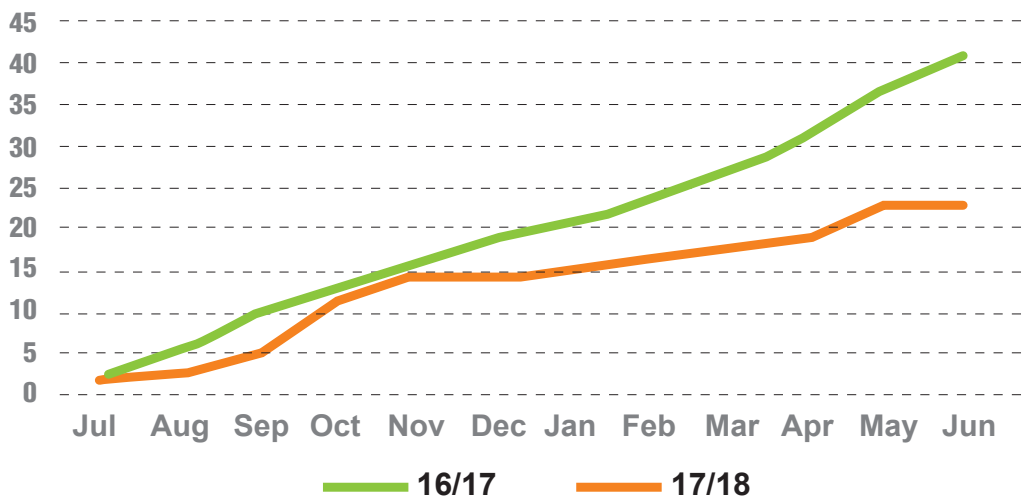


Figure 10: Cumulative product technical complaints dropped by 80%



To ensure that products delivered to JMS are of the required quality, the Quality Assurance Department carries out specialised audits of supplier production sites and distribution systems based on the WHO current Good Manufacturing and Distribution Practice standards (GMP & GDP). The defect rates at point of receipt, used as an indicator of the effectiveness of the supplier audits and prequalification, decreased by 148% from the previous year (*Figure 11*). This was attributable to the intensified supplier audits (*Figure 12*), stringent prequalification procedures and limiting procurement of products to prequalified suppliers. As a result of the rigorous prequalification procedures, the detection rates for non-conforming supplier prequalification dossiers were high (*Figure 13*).

Figure 11: CUMULATIVE DEFECT RATES AT RECEIPT

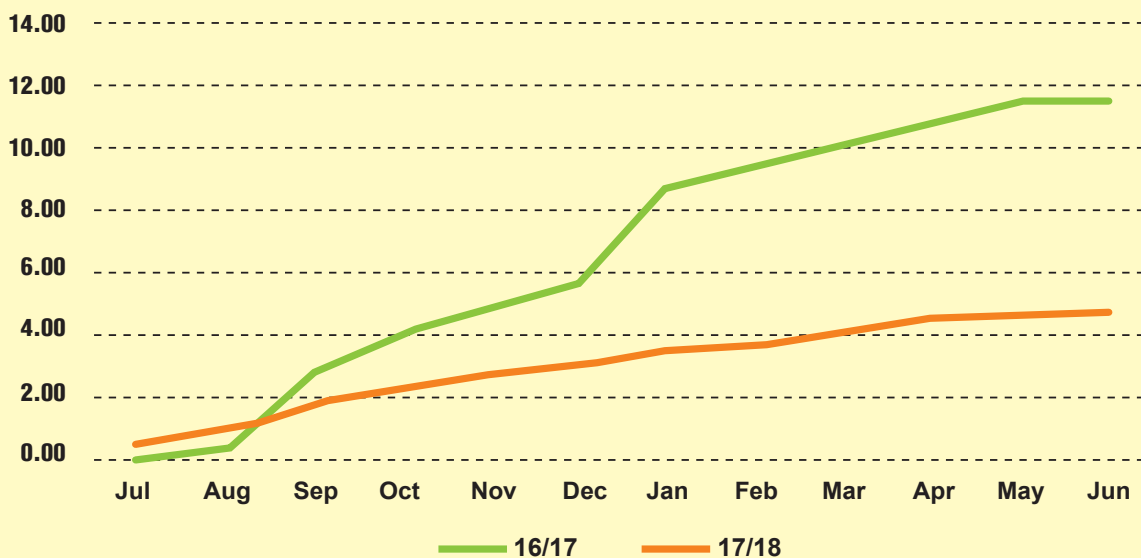




Figure 12: Number of supplier audits conducted

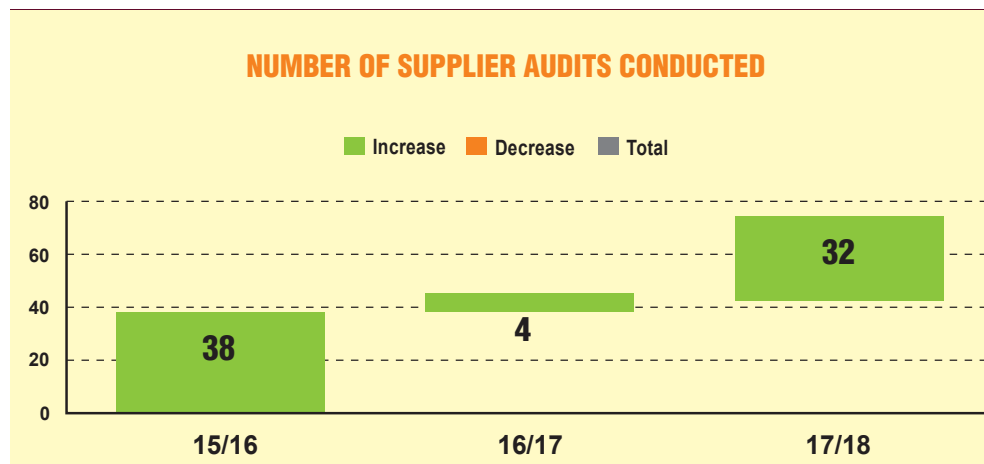
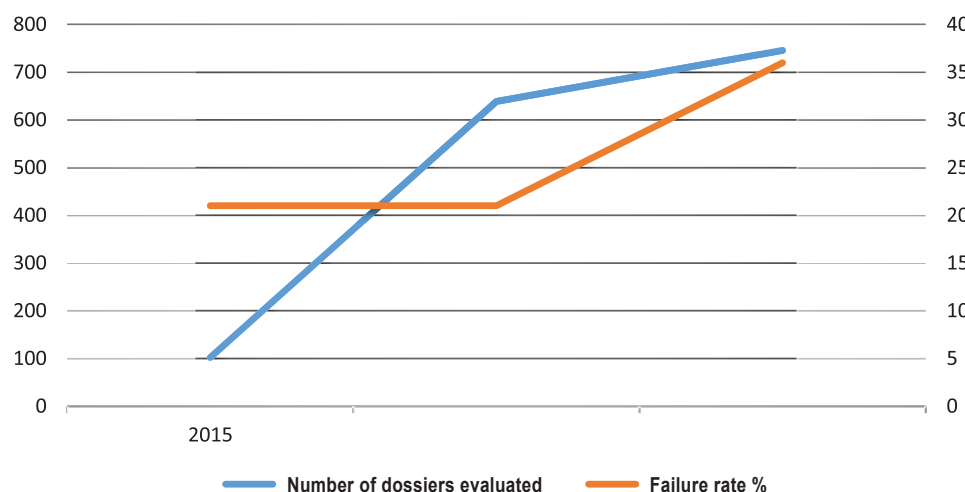


Figure 13: Failure rate of pre-qualification dossiers



### 3.3 Environmental control

The temperature and humidity inside pharmaceutical storage areas must be optimal and constant to avoid loss of potency during storage and maintain quality, safety and efficacy of products. Humidity or moisture causes de-sterilization, irreversible destabilization and oxidative degradation because the proteins found in many drugs are temperature sensitive. Temperature fluctuations and humidity may degrade pharmaceutical products or vaccines into harmful or toxic by-products thus compromising patient safety.

During the year, JMS used WHO approved systems for controlling temperature and humidity as well as methods and devices for monitoring temperature and humidity in the storage areas for both ambient and cold chain products. The systems used include the automatic data logging and intelligent alarms modules with ability to receive alerts when storage conditions moved out of range. The systems for controlling temperature included refrigerators, cold rooms, and cold boxes for transport. Through application of these systems, the mean kinetic temperatures for ambient and cold storage were maintained within the WHO recommended ranges for the climatic zone IVa (Hot and humid)



*The New Spacious JMS Quality Assurance Laboratory that was commissioned together with Prof. A.M Odonga Warehouse.*

*With the new laboratory, additional space was created thus allowing more testing equipment and room for more reagents.*



## 3.4 Quality Services: Research

### 3.4.1 Monitoring and Evaluation

The focus of monitoring and evaluation was data dredging and data mining using existing data sets to provide key insights, support decision making and transition into business analytics. In addition, performance of PHC against set indicators was tracked.

### 3.4.2 Transitioning into business analytics

In the financial year, the M and E function was reconceptualised and upgraded into a business analytics function with focus on inventory analytics, financial analytics, service and process analytics, customer analytics and strategic reporting. The upgraded function was approved by the Board and is positioned at managerial level. The function will build information assets, solve operational problems, support decisions and explore theories.





# 4

## *Journey towards:* **Distinct Customer Care and Aftersales Services**

## 4.1 Distinct Customer Services

We served a customer base of 1808 with 74% ordering from Nsambya, 18% from Mbarara and 7.4% from Arua. On average of 60% of order placement was done atleast monthly. Through multimedia platforms 20,500 orders were processed with 61.8% from Nsambya, 17% from Mbarara, 21% from Arua. The customer satisfaction trend has been positive over the last four years. Customer loyalty trend has also been positive over the last two years.

### Segment size

Customer category	Foreign	NGO	Government	Private	MHUs	Total
Number	81	254	215	1053	636	2239
Percentage	3.6	11.3	9.6	47.0	28.5	100

Figure 14

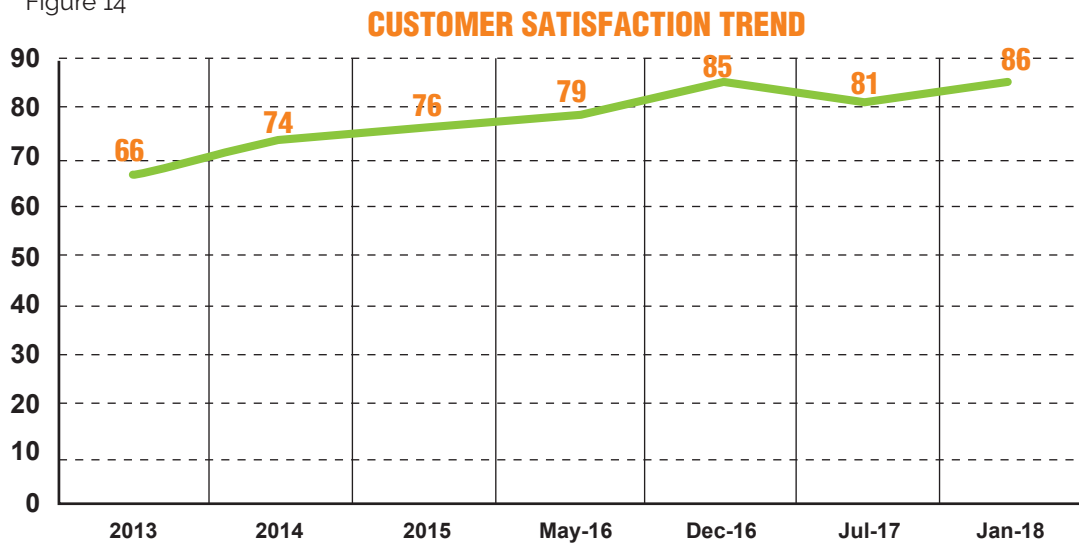


Figure 15

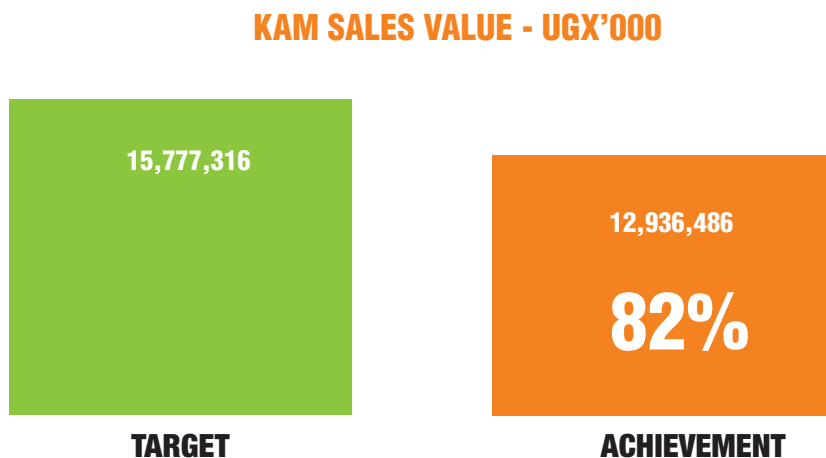




JMS introduced Regular Order Delivery Schedule (RODS), where facilities are called to place orders per zone per week. 48% of the 1808 facilities benefited from RODS optimising economies of scale.

## 4.2 Key Account Management

Figure 16: KAM performance



**Note:**

*Most of the Key Accounts are accredited units; (Kuluva, Maracha, Nakasero, St. Joseph's Kitgum, Ishaka etc) Using the key account management model, we were able to ensure improved communication, improved order processing and delivery and enhanced customer satisfaction of the key accounts. This registered a 1% growth compared to last year.*

## 4.3 Biomedical Equipment Services

Demand for biomedical equipment services such as installation, service and repair has been increasing in Uganda and the neighboring countries. This can be seen from the overall increase of 160% in installation, service and repair jobs from 2015 to 2018 (Workshop and Field services). As a result of the proactive PPM strategy, field-based jobs increased tremendously while jobs in the JMS workshop declined as seen in the figure 17 and 18 below.

Figure 17

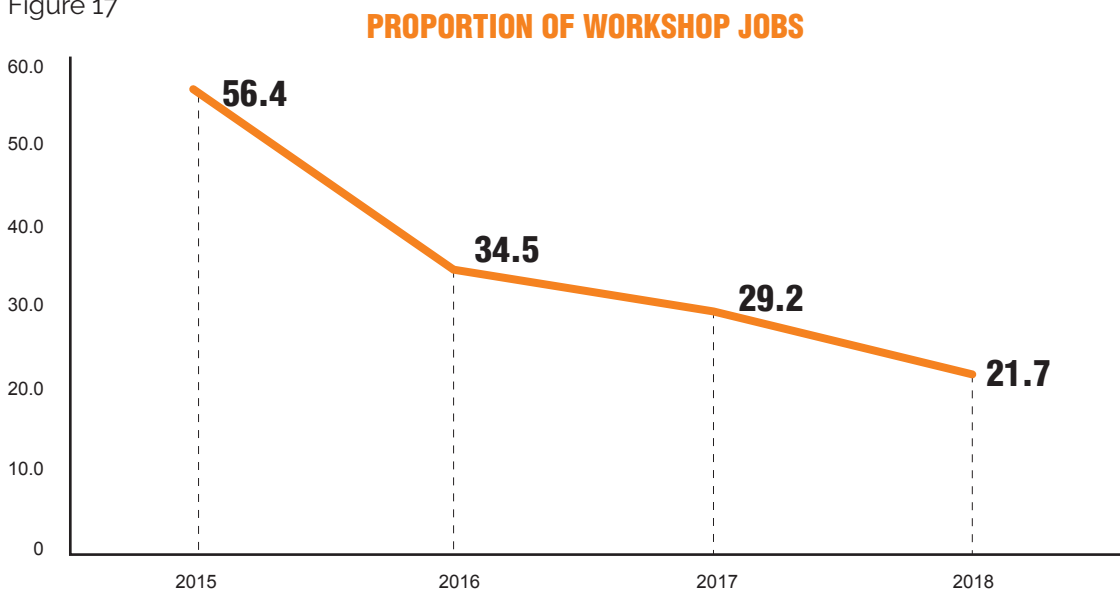
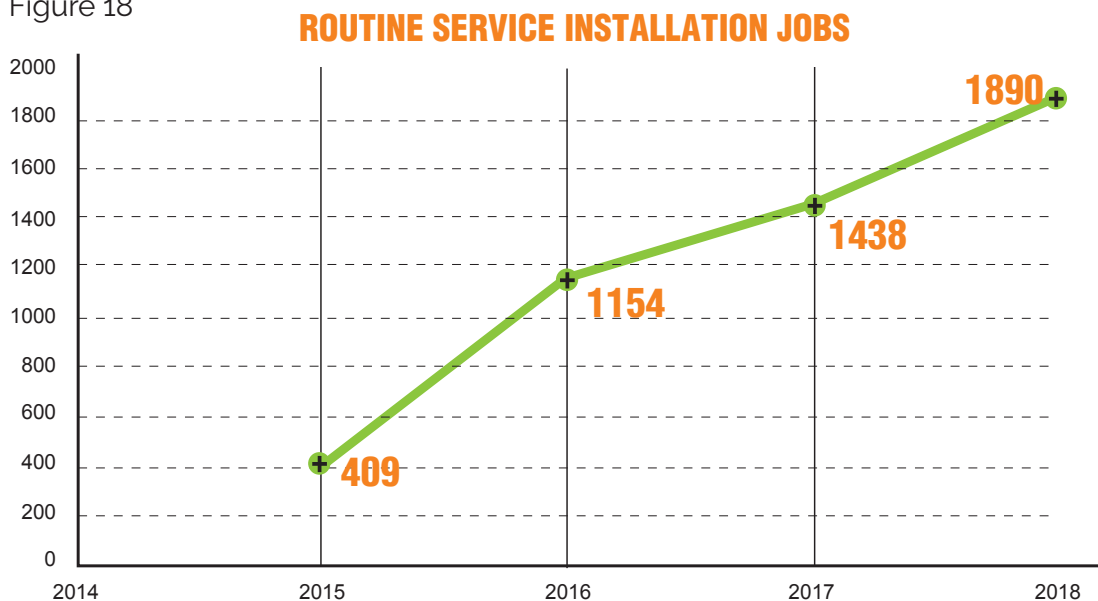
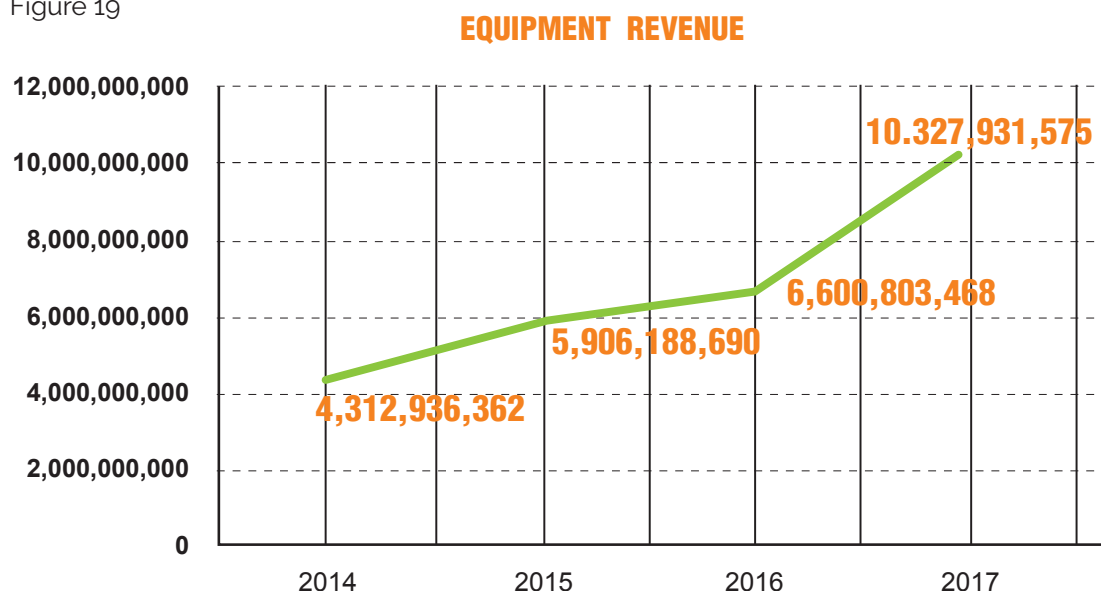


Figure 18



One of the main objectives of the new BMT strategy was to increase sales of biomedical equipment, hospital furniture and spare parts through the proactive PPM incentive. Revenue from equipment rose to 57% from last year and 140% from 2014 (*Figure 19*). This increase in sales is attributed to increased direct Marketing, demand creation and tender management.

Figure 19



### 4.3.1 Other developments

1. Gradian Health Systems, the supplier for the Universal Aneasthesia Machine, extended the subsidy to Accredited facilities to end of December 2018
2. A Bio-medical Engineering Directorate was created.
3. The Pulse oximeter project was initiated. The project involves selling hand held pulse oximeters at subsidised prices (supported by a donor), pulse oximeter detailing, conducting CMEs in targeted health facilities and distributing guidelines for pneumonia management..

## 4.4 Capacity Building

### 4.4.1 Training of Health facilities

The number of health facilities trained in 2017/18 was 379 compared to 175 for 2016/17, an increase of 123% (*Figure 20*). The increase is mainly attributed to the continued presence of the technical representatives in the field conducting facility-based trainings. In addition, two group trainings were conducted in Hoima and Busoga sub-regions. In a bid to improve debt management by health facilities, two targeted workshops were conducted at Mbarara and Kabale, with focus on joint analysis of issues leading to aging of debt, joint prescription of feasible interventions and training on best practices in health facility financial and inventory management.

The focus for facility-based trainings was: Inventory management; Financial management; Customer service. Group trainings were mainly used to discuss technical issues related to ordering for the Primary Health Care (PHC) credit-line for essential medicines and health supplies.



*Above: A Capacity Building Training on Financial Management in Kabale*

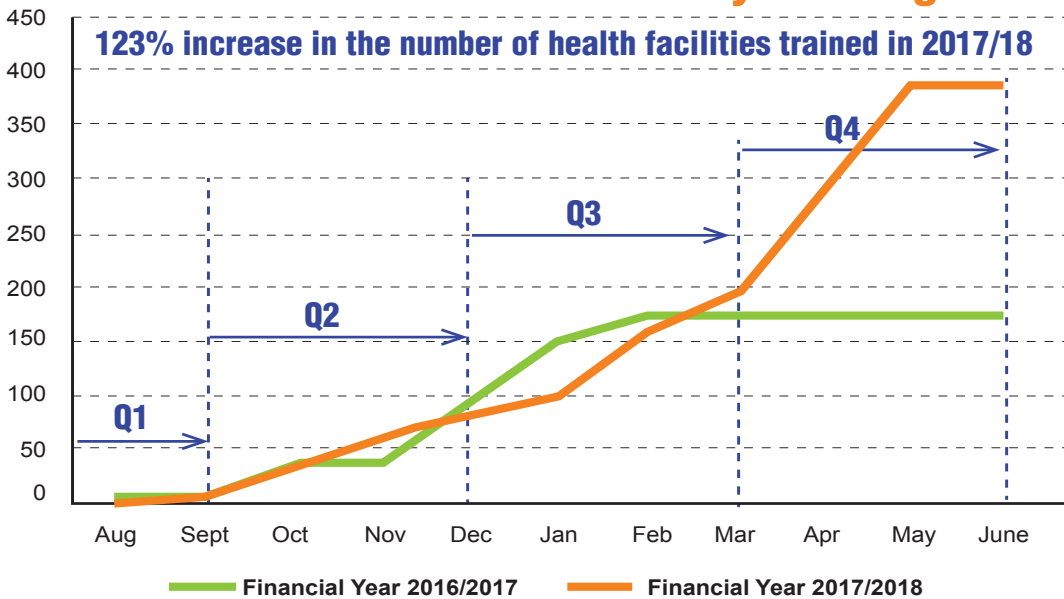


*Group photo of participants from UCMB Health Facilities after a capacity building training facilitated by JMS.*



Figure 20

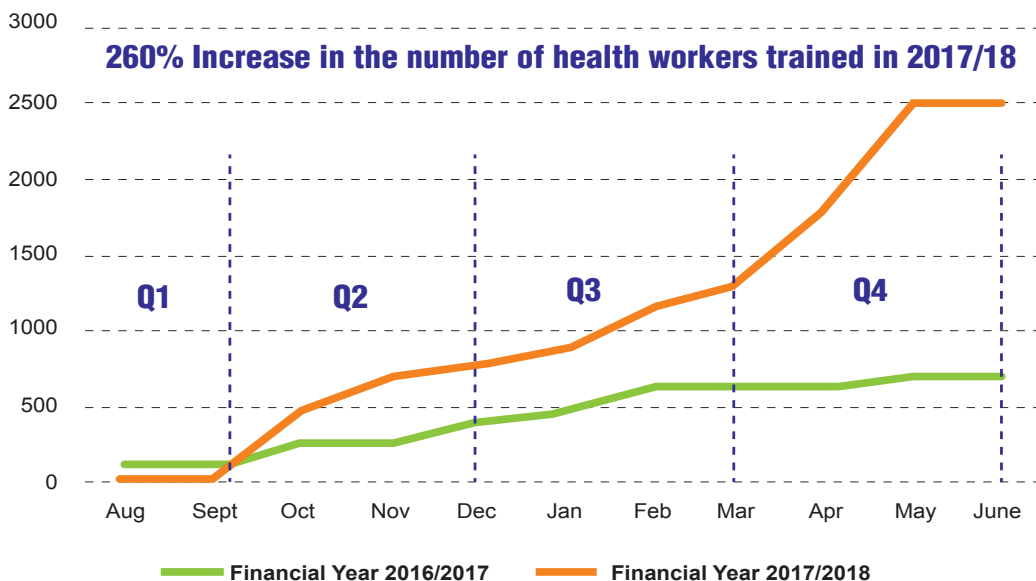
## Cumulative Health Facility Training



The number of health workers trained increased from 700 in 2016/17 to 2,520 in 2017/18, an increase of 260% (Figure 21). Thus the increase in the number of health workers trained was twice as high as the number of health facilities trained, an observation mainly attributed to the fact that mobilisation for facility-based trainings is easier and yields a higher number per facility than the group training. Facility-based trainings were also more effective than the group training in facilitating translation of knowledge into practice as they are provided in the setting where the health worker operates.

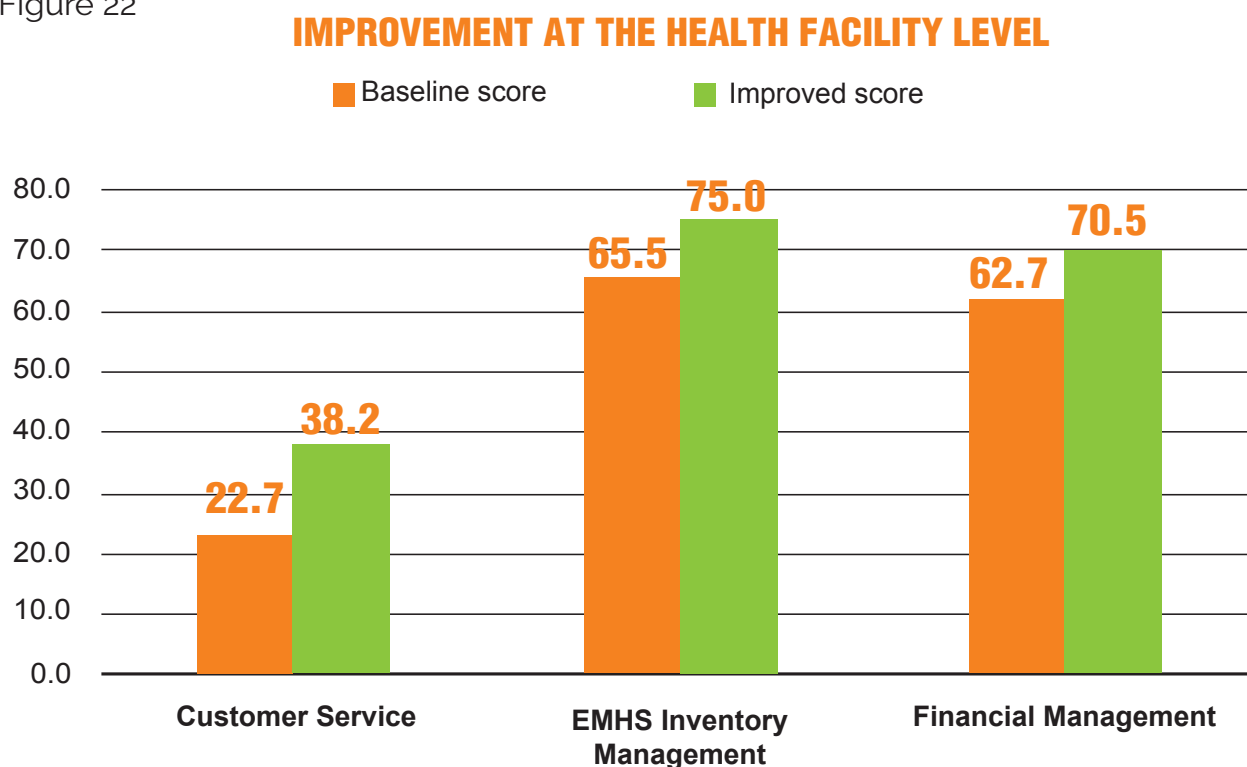
Figure 21

## Cumulative Health Care Workers Trained



The baseline conducted in 2017 indicated that the health facilities have challenges in the areas of customer care, inventory management, financial management and governance. The JMS Capacity Building function is targeting the first three areas. During the financial year, there was improvement in all the three targeted capacitation areas from the baseline scores (*Figure 22*). The difference in percentage points was about the same across the three target areas.

Figure 22



As seen from the graph, customer care remains a challenge given that it affects patient numbers negatively and in the same it affects revenues for the health facility.

#### 4.4.2 Capacity Building: 3rd Party Projects

Two Capacity Building projects were implemented in collaboration with development partners: the URC-SUSTAIN MTC project and the EPN three-in-one project (MTC/IPC/NCD). Through the Capacity Building arm of JMS, the developing partners engaged JMS to implement these projects.

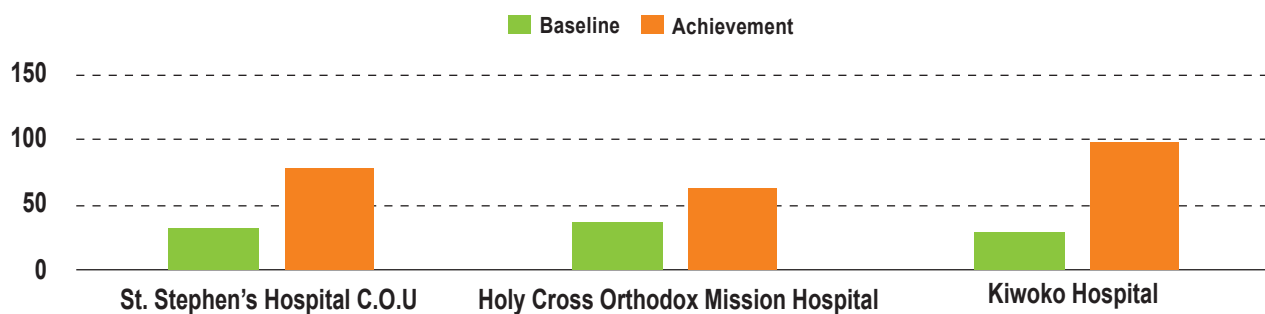
The objective of URC-SUSTAIN project was to reactivate Medicines and Therapeutics Committees in five Regional Referral Hospitals supported by SUSTAIN-Gulu, Lira, Kabale, Jinja and Mbale.

The objectives of the EPN three-in-one project were to: improve management of Non-communicable Diseases; improve infection prevention and control practices; and improve functioning of the Medicines and Therapeutics Committees in St. Stephens Hospital, Mpererwe; Holy Cross Orthodox Hospital Namungoona; Kiwoko Hospital and Bishop Caesar Asili Hospital.

## Project Outcomes

<b>URC-SUSTAIN Project</b>	<ol style="list-style-type: none"> <li>1. MTCs for Kabale and Gulu regional referral hospitals were fully reconstituted</li> <li>2. Demand for MTC outputs at Staff, Management and Board levels was increased</li> <li>3. Administrative and Managerial components designed as part of the project were incorporated into the National Hospital MTC improvement strategy</li> </ol>
<b>EPN Three-In-One project</b> <ul style="list-style-type: none"> <li>➤ NCDs</li> <li>➤ AMR</li> <li>➤ DTC</li> </ul>	<ol style="list-style-type: none"> <li>1. Weekly Prescription audits now being done for the WHO priority NCDs, to assess STG adherence</li> <li>2. SOPs and Protocols for management of selected conditions (Pneumonia, Diabetes Mellitus) etc. developed at the facility</li> <li>3. DTC activity has improved. One meeting held in March 2018</li> <li>4. Assessments for prescriber barriers and motivators to STG adherence are now being done</li> <li>5. Drug prescription surveys now being done</li> <li>6. IPC activity and visibility has increased</li> <li>7. Hand hygiene improved across the three participating health facilities (<i>Figure 23</i>)</li> </ol>

**Figure 23: IMPROVEMENT IN HAND HYGIENE**





# 5

## *Journey towards:*

**Effective Communication (Lobbying, Marketing, PR) and Partnerships**



## 5.0 PR and Media Relations

### 5.1 Events Management

#### 5.1.1 Opening of the Prof. A.M Odonga Warehouse

During the year, phase II Warehouse at Plot 956 Old Gaba Road was constructed and commissioned as 'Prof. A. M Odonga warehouse' in September 2017 and opened in Nov 2017 by Her Excellency Deborah Malac and H.E Yoweri Kaguta Museveni that was represented by Minister of Finance, Planning and Economic Development Hon. Matia Kasaija and Dr. Medard Bitekyerezo Board Chairman NDA. The warehouse provided an addition of 2,856 pallets of storage space.



*Above: H.E Deborah Malac and Hon. Matia Kasaija commissioning the JMS Prof. A.M. Odonga Warehouse that provided an additional 2856 pallet positions. Below: The different dignitaries touring the Warehouse after its commissioning.*



*The family of Prof. A. M Odonga receiving a recognition plaque in honour of his tremendous works as one of the founding trustees of JMS.*

### 5.1.2 EPN Biennial Conference

JMS is a member of the Ecumenical Pharmaceutical Network (EPN) whose mission is to support Church and Church health systems to provide and promote just and compassionate quality pharmaceutical services. Partnering with EPN, JMS successfully hosted the EPN Biennial Conference which had more than 20 member countries represented like Kenya, Cameroon, Ghana, South Africa, Lesotho, Tanzania, Zambia among others. This provided an opportunity for JMS to network and also learn from other countries.



*The EPN Board Members after attending a board meeting at Silver Springs Hotel. Middle (5th left) Miss Joanita Namutebi the JMS Director Customer Services, also a member of the EPN Board.*

JMS also partnered with UCMB, UPMB, Church, Universities, Health facilities, UK Government among others to engage different stakeholders. These included the Provincial Assembly, House of Bishops, Regional UPMB Meetings, Diocesan Health Assemblies and the Diocesan Health Co-ordinators Workshops among others.

## 5.2 Media Relations

JMS values a good relationship with stakeholders including the media. During the year we held one Media Editors meeting was held at JMS Head Office. This was in partnership with the Ministry of Health Pharmacy Division and the National Drug Authority. The media was refreshed on Uganda's pharmaceutical supply chain thereby making them knowledgeable to inform, educate, analyse and advocate for good policies from Government and other stakeholders. Editors in attendance were from New Vision, Daily Monitor, The Observer, Bukedde, Kfm, Sanyu Fm and UBC TV among others.

JMS also issued a press release and organised various Television interviews to re-echo JMS' commitment to Quality. This was after National Drug Authority recalled and discovered fake Hepatitis B Vaccine on the market and some private health facilities falsely alleged that they had purchased it from JMS. During the Drug batch traceability, it was clear that the affected batches had not gone through the JMS supply chain.

Also, working with the media, JMS appeared in the media positively every month thereby enhancing our visibility. Partnering with New Vision, a 3 paged free supplement was published in November 2017 on the ISO 9001:2015 Quality Management Systems certification.





*Above: The Executive Director Dr. Bildard Baguma discussing with different Media House Editors.  
Below: The editors touring the JMS Prof. A.M Odonga Warehouse.*



## 5.3 Corporate Image and Communication

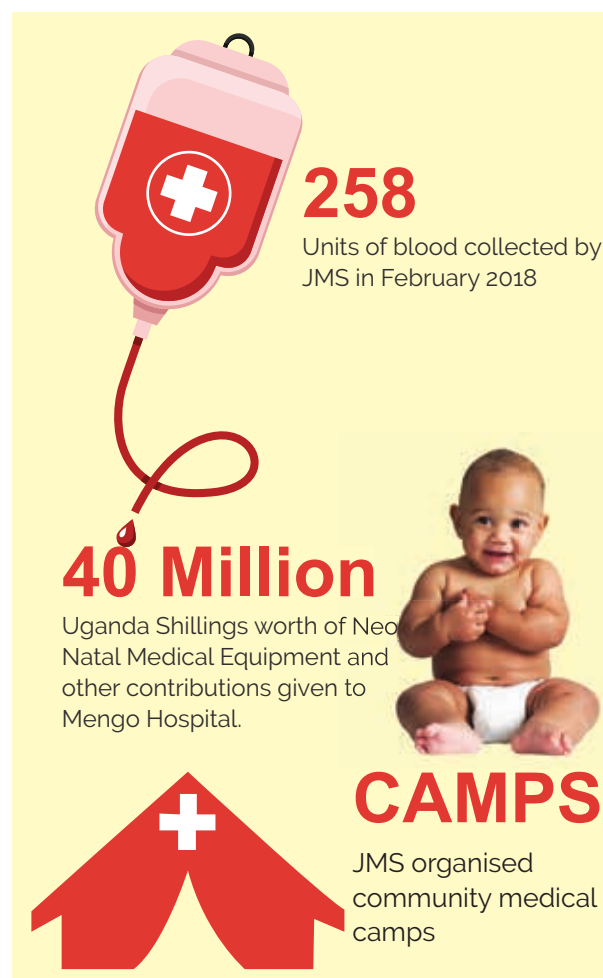
During the year, we strengthened engagement with stakeholders using a multimedia approach.

1. Updated Customers with weekly bulk sms to customers increasing compliance to the RODS (Regular Order Delivery Schedule) from 31 to 55 orders worth 114m to 371 m monthly. This facilitated consolidation of orders and reduced last mile delivery costs; improving reporting for ARV and ACT to 100% and full PHC utilisation.
2. Published weekly staff updates thereby empowering staff with information to live by the JMS mandate.
3. Empowered staff to live by the JMS Values through quarterly trainings and recognition.
4. Held Quarterly Whats App Chat hour where Executive Management Committee was informally engaged by all staff.
5. Enhanced internal capacity in communication by training staff on effective communication.
6. Published branded marketing communication materials that included 1000 calendars, 700 Diaries, 5000 Note books, 1000 pens, 200 cards, 500 gift bags, 200 card holders and 300 umbrellas among others.
7. Published the JMS Customer Charter that guides the distinct customer service offered.

## 5.4 Corporate Social Responsibility

Using the Tripple P business model focusing on people, planet and profit, JMS supported 7 accredited Health facilities with fully installed water harvesting systems (4 UPMB, 3 UCMB). The 7 beneficiaries were Buyege Health Centre III Kampala, Akia Health Centre Lira, Kinyarugonjo health centre III Hoima, All Saints Kagoma Health Centre III, Anyavu Health Centre 11, St. Luke Health Centre II and Yivu Abea Health Centre. Cumulatively, a total of 17 health facilities have benefited from the water project since its inception 2 years ago.

Partnered with Uganda Blood Transfusion Services to organise a Blood Donation Campaign in Nsambya, Mbarara and Arua in February 2018. This happened at a time when the Blood Bank was facing a crisis of shortages. In total, 258 units were collected in February 2018. Each unit is used to save 3 lives meaning that with the campaign we were able to save 774 Lives. JMS also lobbied for support from Fazzini, its leading supplier of Medical Equipment, leading to a donation of Neo Natal Equipment worth 40million Ugandan Shillings to Mengo Hospital. In addition, JMS donated 40 million





to Nsambya Hospital for the construction of the procurement and stores office. The office has since been completed and is being used.

Partnered with Health facilities to organise community medical camps. With the donated medicines, we were able to support thousands access quality health services. These included Nyakibale Hospital, Naggalama Hospital, Rotary clubs among others.



*JMS Executive Director Dr. Bildard Baguma Donating blood at the JMS Prof. Odonga Warehouse in Nsambya.*

*Below; the St. Francis Hospital Procurement and Stores Block after construction. (JMS donated 40 million Ugx)*





## 5.5 Partnerships

*“Collaboration is multiplication.” John C. Maxwell.*

During the year, JMS collaborated with the partners below to support the PNFP sector and also special group communities.

- a). *BTC /Enabel*; We have been in partnership with BTC/Enabel since 2015 implementing Result Based Financing supply chain management in both Rwenzori and West Nile Regions. A total of 49 PNFP health facilities and 32 Public health facilities from both regions benefitted receiving quality Health Supplies. This improved stock availability as well as health service delivery in those regions.
- b). *USAID/UPHSP*; we provided legal, coordination and logistical services to private health sector associations to facilitate pooled procurement system with District based private health associations. This was implemented in 6 Health associations e.g. Uganda Health Federation, Uganda Private Midwives Association, Uganda Community Based Healthcare Association, Mukono District Private Healthcare Association, Jinja Private Healthcare Association, Mbale District Private Healthcare Association in the Districts Mukono, Jinja, Mbale, Wakiso and Kampala. This will ultimately ensure easy access to affordable medicines and health supplies to the populace.
- c). *TASO*; JMS was the prime supplier for most of the assorted medical products that TASO required for improving health services in areas of their operations. These included Vaccine fridges among others. Others like Ministry of Defence, WHO, UNHCR, Medical Teams International; Supported Rapid emergency supplies to areas of operation.





# 6

## 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 consolidated financial statements of Joint Medical Store set out on pages 46 to 47, which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in reserves and the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Joint Medical Store as at 30 June 2018, 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated 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.
2. 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
4. 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 consolidated 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.
5. Evaluate the overall presentation, structure and content of the consolidated 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

  
CPA Michael Kimoni  
Partner

Kampala, Uganda

 21 November 2018







A photograph of two men sitting at a table in a meeting. The man on the left is wearing a dark suit and glasses, looking down at papers. The man on the right is wearing a dark suit, glasses, and a patterned shirt, looking towards the camera. There are other people partially visible on the left and right. The background shows a window with brown curtains. An orange banner is overlaid on the bottom half of the image.

7

*Journey towards:*  
**Effective Governance  
and Risk Management**

## 7.1 Governance Structures

### a) 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 1<sup>st</sup> December 2017.

### b) 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 2017/18, the Trustees held one (1) formal meeting as provided for in the JMS Constitution and also participated in the Annual General Meeting and Board Retreats held during the year.

### c) Board of Directors:

The JMS Board of Directors is appointed by the two Bureaus and is responsible for the effective and efficient operation of JMS through spearheading the Organization's Policy Development; ensuring Good Stewardship of the Organization's Assets and Resources; ensuring the Organization's Compliance with the applicable Legal Framework; and Promoting the Organization's Corporate Image in line with the Trustees' authority delegated to the Board as per the JMS Trust Deed.

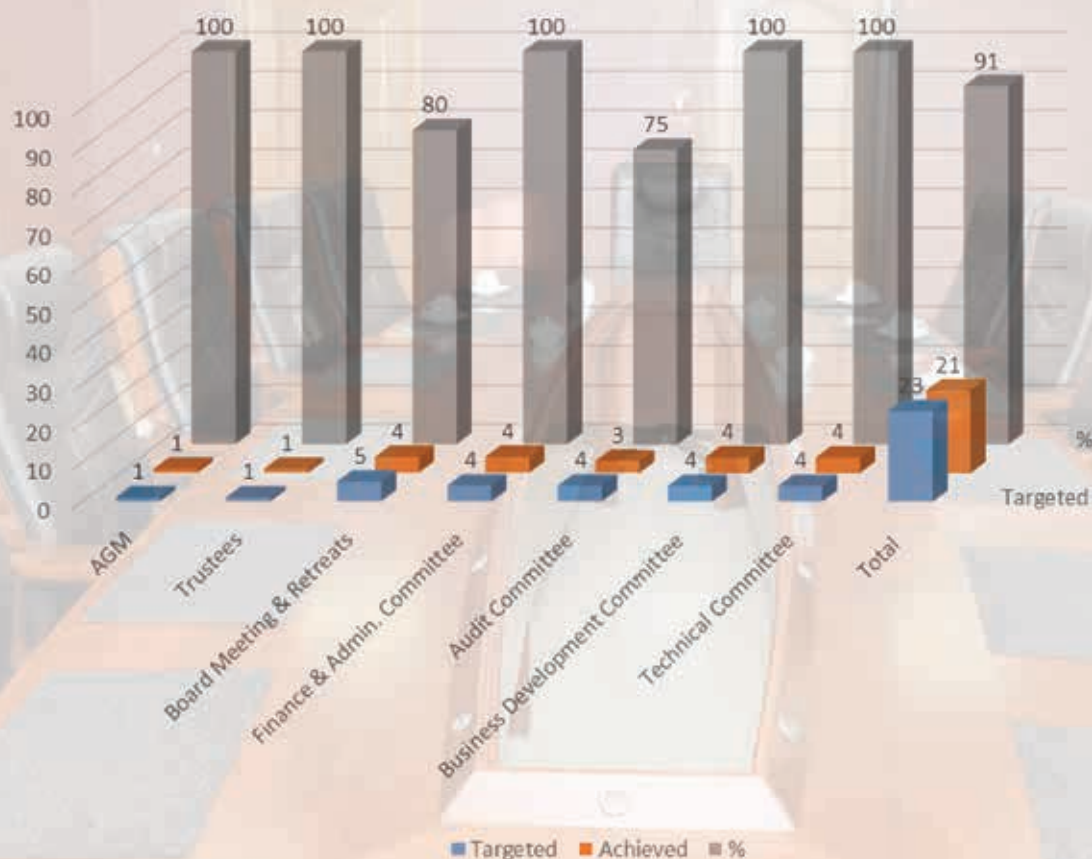
### Key Achievements of the Board of Directors:

During the FY 2017/18; the Board of Directors considered the following:

- a. Operation Plan & Budget for FY 2018/19.
- b. Procurement Plan for FY 2018/19
- c. Risk Profile for FY 2018/19.
- d. 3-year Strategic Plan for FY 2018/19 to 2020/21 & Organization Structure;
  - Upgrade of the Internal Audit Function to Directorate of Internal Audit, Risk and Compliance due to the growing scope of duties and responsibilities for the function and for purposes of exercising Good Governance.
  - Establishment of the Directorate of Biomedical Engineering for purposes of Scientific Research and growing the biomedical engineering business portfolio.
- e. Revaluation of the entire asset class of Land and Buildings in line with International Financial Reporting Standards (IFRS) provisions done.
- f. Acquisition of 10 acres of land adjacent to the Liao Shen Industrial Park in Kapeeka, Nakaseke District.
- g. JMS differential Pricing Policy; Investment Policy; Finance and Accounting Manual reviewed and realigned as per current context and practices.
- h. Appointment of the JHC Board of Directors, an advisor and financing mechanisms for JHC's operations. Appointment of the JHC External Auditor for FY 2017/18.
- i. Engagement of the Bishops and passing of formal resolutions of ring-fencing Accredited Units to exclusively purchase their supplies from JMS.
- j. Initiation of plans to exhibit and celebrate JMS' critical achievement of 40 years in existence.
- k. Performance management of the Executive Committee (EXCO) which is the top-most decision making organ at Management level.
- l. Active involvement in debt management.



Figure 24

**No. of Board Engagements in FY 2017/18****Strategic Planning**

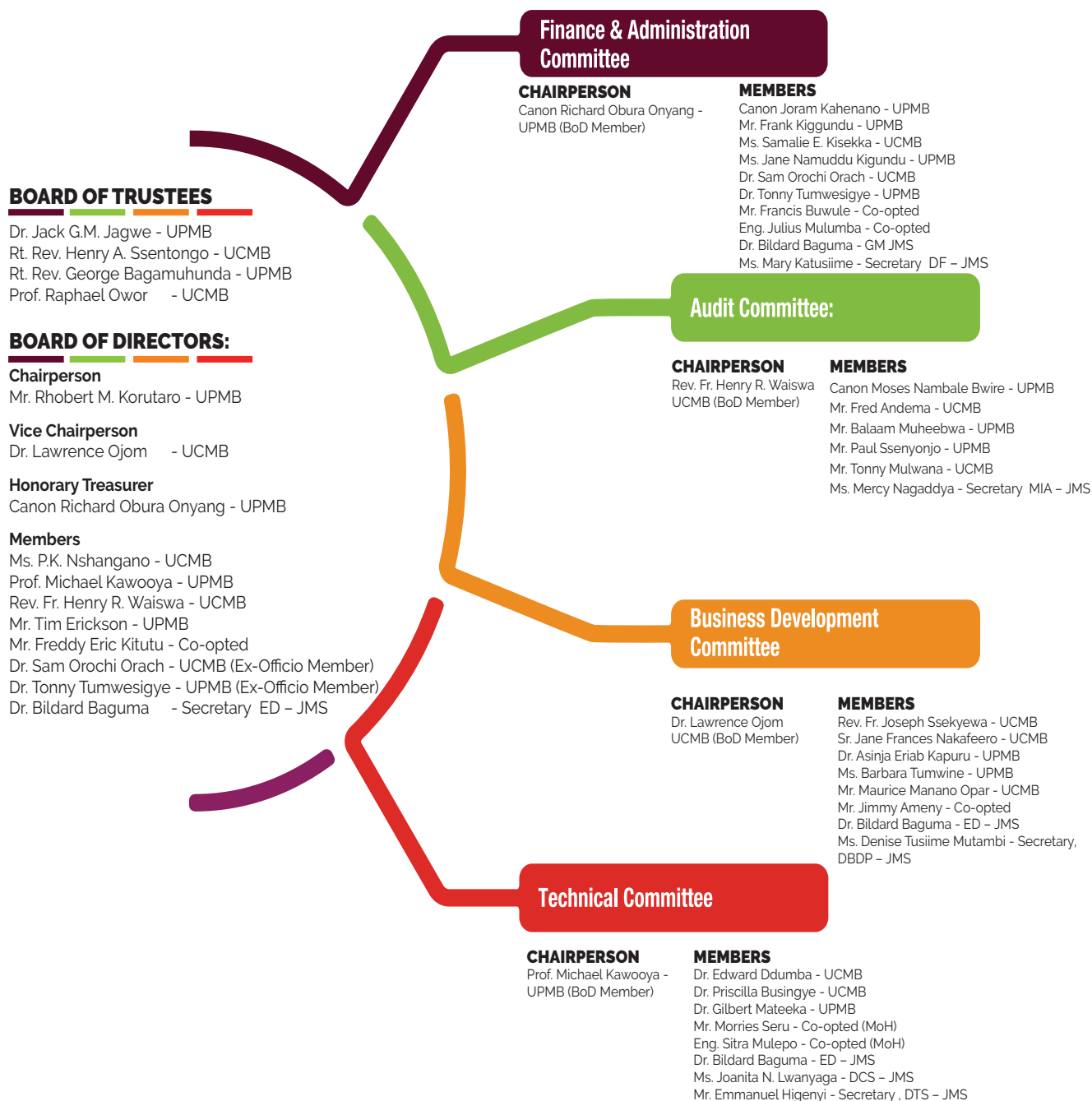
The 2015-2018 Strategic Plan was reviewed and based on achievements was extended from 2018 to 2021. A number of new aspects were added such as positioning JMS into manufacturing; scaling up biomedical services; emphasis on business analytics; building research competencies; income generating activities for the MHUs; modification of Mission and Vision; versatile investment platforms; new strategic objectives and 3<sup>rd</sup> party projects.



*Above; the Board of Trustees and Directors and Management Team reviewing the Strategic Plan at Skyz Hotel-Naguru. The plan was finalised and approved by the Board of Directors.*



## Members of the Joint Medical Store Board of Trustees, Board of Directors (BoD) and Board Committees as at 30th June 2018



## 7.2 Internal Audit

The Internal Audit Department ensures a systematic appraisal of the organization's control environment comprising of risk management, control, governance systems and Compliance. The audit programme was as set out in the 2017/18 Internal Audit Work Plan, approved by the Audit Committee and supplemented by unplanned emerging projects and other types of audit input. Recommendations were made for improving internal controls and risk management systems.

Action plans were agreed with Management on all recommendations made within the reports issued and appropriate follow-up arrangements were put in place to ensure that corrective actions were implemented as agreed.

### 7.2.1 2017/18 Internal Audit Work Plan – Results & Status

Emphasis was placed on determining whether the required high degree of compliance was upheld and improving the efficiency and effectiveness of operations and activities.

Results of all the audits summarized here were reported to Management, recommendations made and suitable remedial action taken.

Organisation-wide audits were performed during the financial year 2017/18. Areas covered include:

- HR and Administration
- Branches
- Finance
- Inventory Management
- Compliance
- Outlets
- PHC non-wage conditional grant for the EMHSc credit line for the PNFP sector
- Board resolutions status review
- Special Investigations

### Status of Implementation of Internal Audit Recommendations

Figure 25

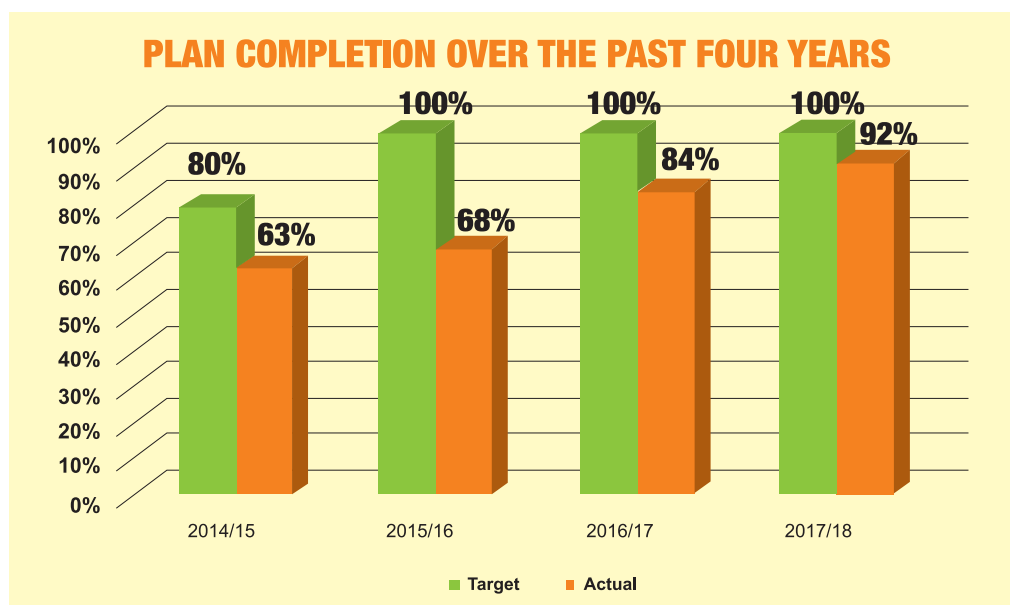




Figure 26: Status of Audit Recommendations

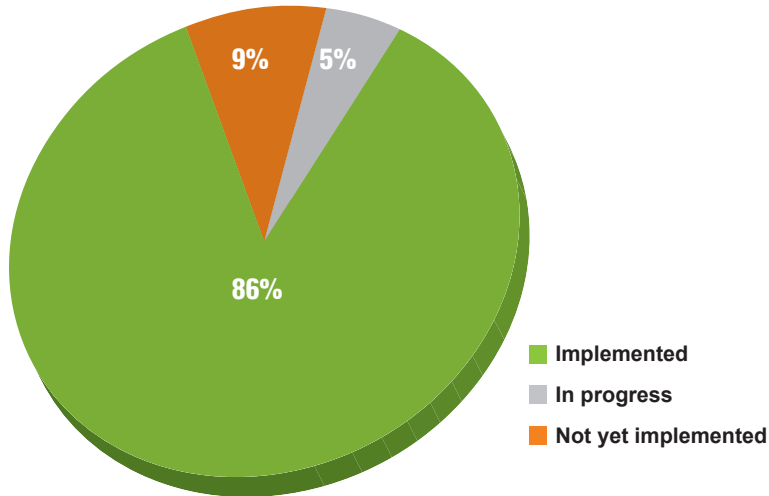
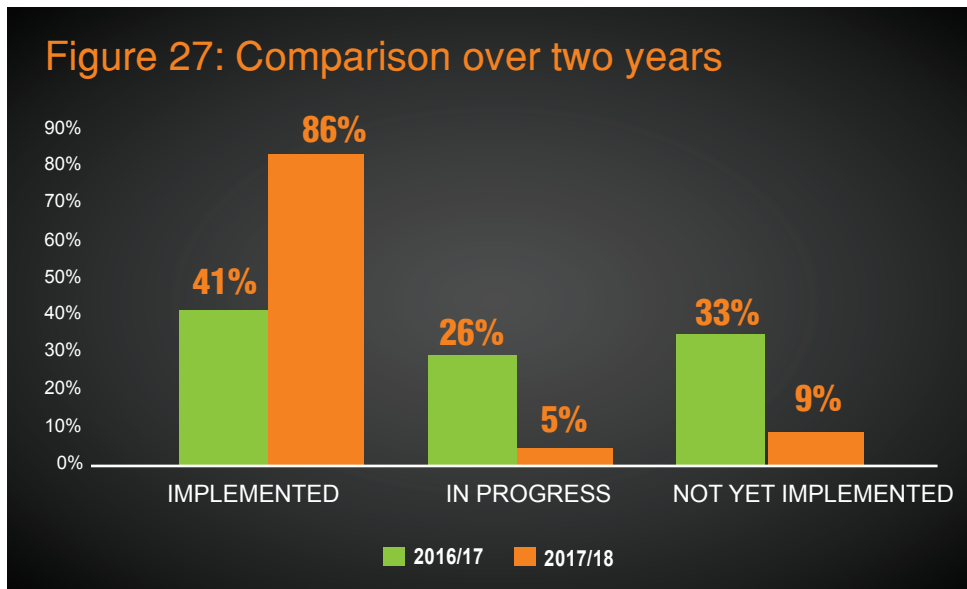


Figure 27: Comparison over two years



## 7.2.2 Risk Management

Like any business environment, JMS continues to operate amidst multiple risks which include:

- Regulatory and operational risks associated with expansion
- Competition and Price under-cutting
- Foreign exchange volatility
- Substandard medical supplies and counterfeits
- Risks associated with MIS and changes in technology
- Limited storage space (warehousing)
- Commodity monopoly by Local Technical Representatives
- Unethical business practices and corruption in the supply chain

## Risk Management highlights for the year

The role of Internal Audit is to proactively work with Management to navigate these risks and provide assurance that existing internal controls and processes are in place and optimized for effective and efficient risk mitigation.

During the year, our risk management practices were primarily focused on the effectiveness of strategic programs in improving our competitive position and market growth, the momentum of new initiatives to achieve our long-term business aspirations, our preparedness to address any incidents that may cause business disruptions to our physical and technological infrastructure, strengthening internal controls to detect fraudulent activity, leadership development, leadership succession planning, and monitoring possible impact of changes in our regulatory environment.

In addition, in order to maintain its viability and effectively serve its customers, JMS is continuing to execute its strategic initiatives. While these initiatives present opportunities for significant increased revenue or cost optimization, they can also introduce significant additional risks to the organization.

The following are some of the major risk management activities carried out during the financial year:

1. Assessment of our business growth and competitive position in the market comprising territorial and key market segments, and actions were taken to close significant gaps identified.
2. Review of operational risk areas including customer service delivery, product quality, information security, inventory and debt management, monitoring of expenditure against budget and employee performance management. Inputs from the risk profile, internal audit findings and safety incidents were also considered.
3. Regularly assessed progress on the execution of strategic programs, specifically, directorate/ department performance, compliance, performance of branches and outlets and operating cost optimization.
4. Assessed the business environment including trend line of key external indicators and internal business indicators such as sales per market segment, sales per product category and growth in sales to key customers.
5. Monitored key developments in the regulatory environment.

## 7.2.3 Compliance

JMS is required to comply with statutory and regulatory requirements and national, regional and international regulatory requirements affecting its operations. The entity complied with agreements signed with third parties. Additionally, employees also adhered with the organization's policies, procedures and guidelines as documented in the manuals and other documents.









8

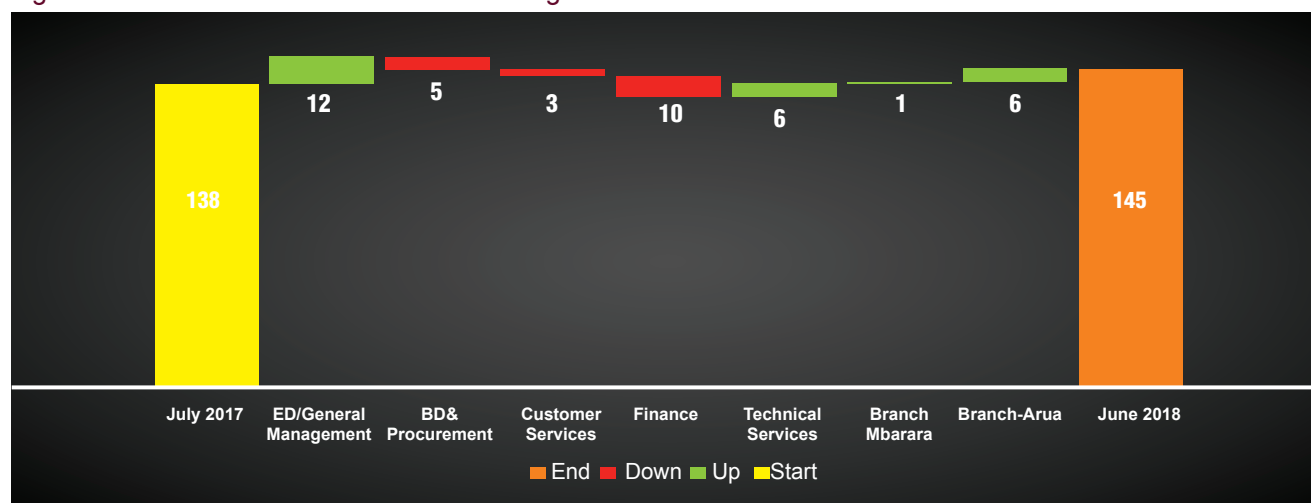
*Journey towards:*  
**Building Human Capital**



## 8.1 Staff Establishment

JMS remains dedicated to attract, develop & retain talented staff and deliberately focuses on developing internal capacity. JMS employed 145 staff as at the year end, compared to the 136 in 2016 /2017.

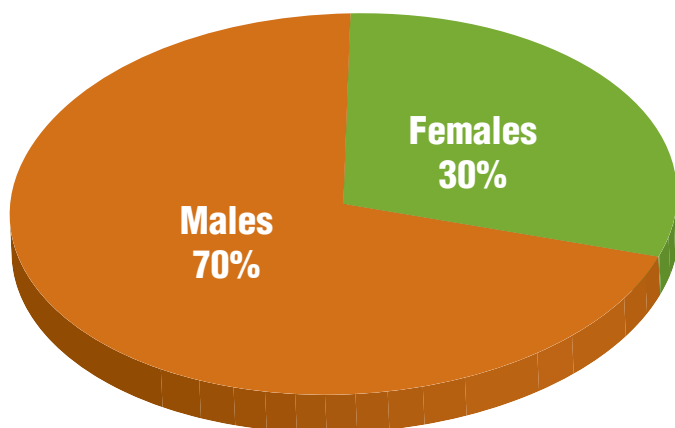
Figure 28: Evolution of staff Head count during the financial 2017 / 2018



### Note;

- 1) In the financial year, staff head count growth was 5.1%
- 2) Following the Board approval of the new organization structure; planned changes in work organization and a review of the marketing structure and strategy, the staffing levels were cautiously managed to optimize utilization of resources and quality of service delivery.
- 3) The reporting line for the Department of Human Resources & Administration changed to the Executive Director's Office
- 4) Arua Branch was repossessed by JMS from the Pepacare Maracha Hospital Distribution Outlet which came with an increase in staff numbers.

Figure 29: GENDER EMPLOYMENT RATIO

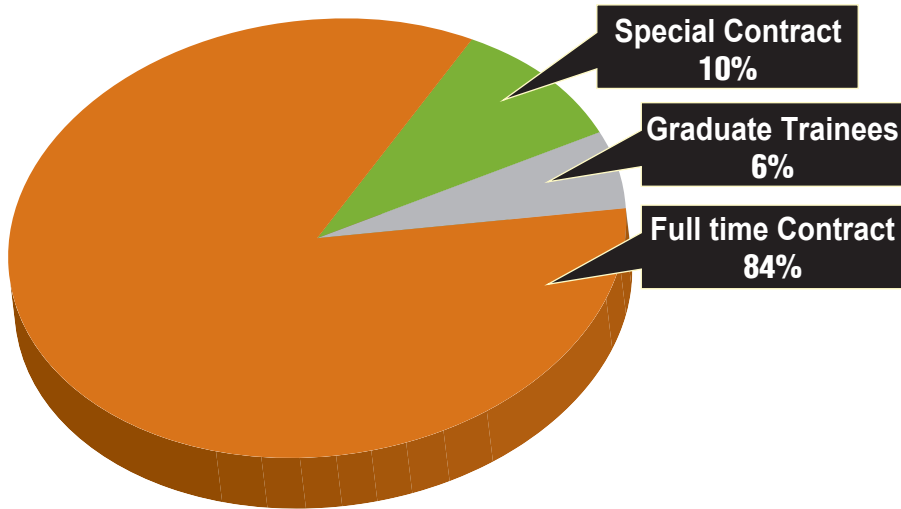


*We are an equal opportunity employer and work towards gender diversity of our staff. Of the 145 staff, 102 are males and 43 are females.*

*However, the executive management committee has a 40-60 (male - female) representation of both gender.*

On the overall the staff distribution by category was as follows;

**Figure 30: Distribution of Staff by Category**



## Recruitment

### a) External recruitments;

JMS is committed to sourcing the best talent there is in the market with the potential, skills and experience necessary to execute attainment of our goals and objectives in the fulfilment of our Vision. JMS runs a transparent recruitment process focused on roles as indicated on the organogram so as to drive the JMS objectives. Through the Graduate Trainee and Internship programs, we have managed to create a talent pool that replenishes the JMS main staff establishment. The Graduate Trainee program is part of CSR activities that align the Company's agenda to the community it serves. We recruited 11 Graduate trainees to the program in 2017 / 2018 financial year. The Graduate Trainee design provides students with a broad view of JMS operations and aids them in realistically assessing their future career decisions.

### b) Internal appointments and re-assignments

A number of internal appointments and re-assignments were carried out during the period under review to promote career growth, support multi-skilling and effectively utilize the available talent. All internal recruitments were promotions, in line with our internal Career Development Program based on competence and succession planning. As a retention scheme, the available internal talent pool is given the opportunity to assume higher responsibility and advance their careers as and when opportunities manifest for organizational continuity.

## Talent development and staff training

The JMS training and development philosophy focuses on building the right competencies and profile of experience among our staff to enable them manage Self, Others core business activities and ultimately support internal career mobility. In 2017 /2018, we concentrated on creating a staff environment that fosters the right mindset and skill-sets to deliver high performance results.

In addition, JMS financed and facilitated staff for skills enhancement trainings, professional courses, workshops and conferences. Eight members of staff were facilitated to undertake education and training programs to upgrade their professional qualifications.

In addition, a total of 28 in-house trainings were organized for staff. Out of these, four were facilitated by external resources while the others were delivered by internal facilitators coordinated by the Capacity Building section in liaison with the Human Resources & Administration Department.

JMS has committed an investment to leadership development by organizing Coaching and Mentorship programs for the middle level managers. Ten middle level managers were enrolled on a Coaching and Mentorship program conducted by IFE Consultants to develop their leadership skills.

The JMS Industrial / placement / Internship program benefited students and graduates at different stages of career development. 23 continuing students and pharmacy interns were given opportunity to undertake industrial training and internship placement at JMS.

### Staff attitude management;

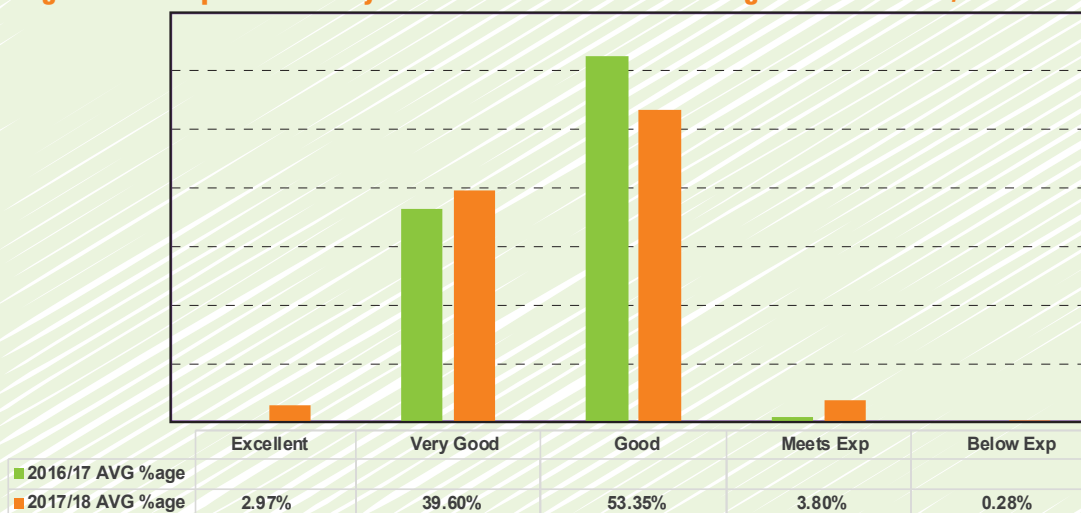
JMS works through the Spark Team (Cultural Change Champion Team) to enhance communication and also address the culture and attitude related issues thus being mindful of the fact that '*culture eats breakfast for strategy*'. Through the champion team staff were given the support to drive the JMS agenda and inspire trust.

### Performance Management

JMS maintains an effective and robust performance management system that supports tracking of staff performance, correcting performance deviation and supporting talent growth across the business arms. The monthly discussions between supervisors and supervisees facilitated clarity on deliverables and accountabilities across JMS business. A comparison between 2016/2017 and 2017/ 2018 therefore shows an improvement on overall general performance of staff.

Performance Rating	Excellent	Very Good	Good	Meets Exp	Below Exp
2016/17 AVG %age	0.0%	36.3%	62.7%	1.0%	0.0%
2017/18 AVG %age	2.97%	39.60%	53.35%	3.80%	0.28%

**Figure 31: Comparative Analysis of Staff Performance Rating for the FY 2016/17 and FY 2017/18**





Note;

- 1) Overall, in the FY 2017/18 Staff Performance rating of "Good" and above was 96% (score  $\geq 65\%$ ), which was below the score of 2016/17 for the same categories by 3% (Staff performance rating at Good and above in the FY 2016/17 was 99%)
- 2) However, unlike the FY 2016/17; in the FY 2017/18, 3% of the staff had a score of 96% and above ("Excellent").

### Staff Welfare and Team Building;

JMS invests to ensure the employees' welfare is prioritized. During the year, the HRA team in conjunction with Staff Social and Welfare Committee, organized team building events. Such events included celebrating achievements together. **(Pictorial at Garuga)**





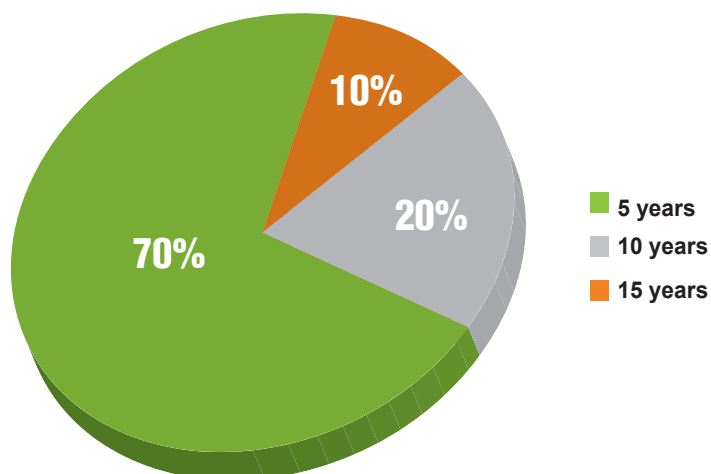


## Recognition

Celebrating our wins through recognition during the year, JMS reinforces a culture of performance that sets the pace for an environment where individual and team effort is awarded. The categories of awards that were considered were as follows;

- 1) Three (3) staff were given the Innovation Award
- 2) Ten (10) members of staff were recognized for their dedicated long service to JMS as provided for in the Human Resource Policy Manual with the Long service award. The chart below shows the distribution for Long Service Award;

**Figure 32: Long Service Awards**



## 8.2 Administration

Administration section plays a support role to JMS's core business. In the year 2017/ 2018 we managed to ensure uninterrupted operations and a healthy and safe work environment through our core activities.

JMS is committed to creating a Health and Safe work environment for its staff. In the financial year 2017/18, together with the Health and Safety Committee, we organized successful fire drills for all staff. We also take cognizance of the need to comply with the Occupational Health and Safety Act 2006, the labour laws and related regulations. The Health and Safety Committee went for a benchmarking trip to Abacus Parenteral Drugs Limited to share experiences. Below is the pictorial.





## 9

# Challenges and Mitigation Strategies

Despite putting forward our best feet forward, a number of challenges were encountered. To mitigate them, countering strategies were developed and put in place. They included;

- a) Security;** JMS has a strong security system guaranteed by personnel provided by an experienced security company and online supported systems like CCTV Cameras and alarm systems. Not with standing, the risk of security for the health solutions stored exists. In addition to the strategies above, JMS is investing in online systems like Radio Frequency Identification (RFID), Cloud data storage and partnering with the local authorities to strengthen security at all JMS premises.
- b) Forex instability;** the need to supply Quality Affordable Health solutions requires JMS to source from various parts of the globe. During the process, we experience instability of the Ugandan Shilling in turn leading to price fluctuation of the health products. While this is an external challenge emerging from the economic environment, we have tried to reduce its impact by working with Health facilities to carry out better demand planning.
- c) IT challenges;** The internet was born to create efficiency. During the year, JMS upgraded its ERP system to IFS Application 9 making a number of processes like HR management, procurement and inventory management more efficient. However, some processes still remain manual like risk management. In the next financial year, efforts will be made to automate them.
- d) Healthy competition;** the health sector has been invaded by unscrupulous business men that are willing to undercut the quality and prices of health products to make profit. Unfortunately, a number of health facilities including the accredited facilities have fallen prey. We hope to intensify efforts of hedging the member health units by partnering with the Churches through the Uganda Episcopal Conference and House of Bishops, Medical Bureaus and Health facilities to ensure that our supply chain receives only quality health supplies for the Glory of God. JMS shall also strengthen its Quality Controls to ensure that only Quality Health Supplies are sourced and distributed to the Private Not for Profit Health facilities.
- e) Debts and debt management;** JMS pre-finances the accredited health facilities with credit of up to 90 days. While a number of health facilities respect their obligations, others accumulate their debt up to more than 180 days. This holds the capital that would otherwise be used to purchase more stock from suppliers and also prevents the other accredited health facilities from benefitting from the same service. We appreciate the work by the Lord Bishops and Medical Bureaus and plan to continue partnering with them and training the Health facilities on effective financial management to alleviate this challenge.



# *Journey towards:* **The Future**

# 10

As we journey on, we are thankful that JMS shall mark 40 years of creating a strong supply chain for the Private Not for profit health sector. To further propel the sector to efficiency and effectiveness, a number of initiatives will be enhanced and others undertaken. This shall include;

- I. Accelerating manufacturing; through Joint Healthcare Investments Limited, JMS shall fast track the manufacturing of medicines and sundries. A number of partnerships are underway and the manufactured products shall be launched in the near future. Partnering with Doctor's Choice, we also hope to increase the product line for Replenish + by introducing nutraceuticals for other segments like children.
- II. Embracing the use of online systems in the supply chain; Research shall be undertaken in software development to optimise current online infrastructure and create online systems for managing inventory from the Health facilities up to JMS. This will facilitate joint planning thereby reducing the costs of blind ordering like over and understock. This is also expected to improve customer experience.
- III. Scaling up Bio-medical Technology services; to enhance customer experience and diagnosis at the health facilities, JMS has created a fully-fledged Directorate of Bio Medical Engineering. With this uplift, JMS will invest heavily in strategic partnerships with Bio Medical Equipment manufacturers enhancing the quality of equipment sold and serviced.
- IV. JMS also plans to align Health facilities for growth, sustainability and empower capacity to use data to enhance service delivery and efficiency. As the back bone of JMS, we shall work with Medical Bureaus to ensure that JMS grows together with the Member Health units. This will be done by intensifying business analytics and reconceptualising research and development to make data driven strategic decisions. This will create and strengthen systems syncing both the health facilities and JMS.
- V. Strengthening Member Health Units institutional capacity through capacity building. To achieve sustainability of the Member Health units, JMS shall work with the Medical Bureaus to enhance capacity of the Member Health Units.
- VI. Intensifying partnerships; JMS hopes to strengthen its partnerships with Government and Development partners to lobby for support in availing quality health solutions to the member health units. In addition, through the Key Account Management section, JMS plans to work jointly with Health facilities to strengthen the supply chain thereby creating efficiency and effectiveness.
- VII. As we commemorate 40 years, we shall invest in visibility initiatives to profile the work done by JMS, the Medical Bureaus and Mission based facilities over the 40 years. This is expected to increase awareness in the community and attract more partnerships to enhance the Private Not for Profit Health facilities and Health sector in general for the Glory of God.



## ANNEX : Board as at 30<sup>th</sup> June 2018

### BOARD OF TRUSTEES

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

03



04



02



01



BOARD OF TRUSTEES

40

Health Solutions - Transforming Lives  
1979 - 2019



11



10





## BOARD OF DIRECTORS

## BOARD OF DIRECTORS

1. Mr. Rhobert Korutaro - Board Chairperson
2. Dr. Lawrence Ojom - Deputy Chairperson
3. Canon Richard Obura Onyang - Treasurer
4. Dr. Tonny Tumwesigye - UPMB - Executive Director - Member
5. Dr. Sam Orochi Orach - UCMB - Executive Secretary - Member
6. Prof. Michael Kawooya - UPMB - Member
7. Mr. Tim Erickson - UPMB - Member
8. Rev. Fr. Henry R. Waiswa - UCMB - Member
9. Ms. P.K. Nshangano - UCMB - Member
10. Mr. Freddy Eric Kitutu - Member (Co-opted)
11. Dr. Bildard Baguma - Secretary

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