

LEGAL NOTICE NO.1

THE PUBLIC FINANCE MANAGEMENT ACT

(No.18 of 2012)

**THE PUBLIC FINANCE MANAGEMENT (THARAKA NITHI HEALTH SERVICES
AND SANITATION) REGULATIONS, 2023**

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THE PUBLIC FINANCE MANAGEMENT ACT

(No.18 of 2012)

IN EXERCISE of the powers conferred by section 77 of the Tharaka Nithi Health Services and Sanitation Act, 2021, the County Executive Committee Member for Health and Sanitation Services makes the following Regulations—

THE PUBLIC FINANCE MANAGEMENT (THARAKA NITHI HEALTH SERVICES AND SANITATION) REGULATIONS, 2023

PART I—PRELIMINARY

Citation

1. These Regulations may be cited as the Public Finance Management (Tharaka Nithi Health Services and Sanitation) Regulations, 2023.

Interpretation

2. In these Regulations, unless the context otherwise requires —

“Act” means the Tharaka Nithi County Health Services and Sanitation Act, 2021;

“Expenditure Committee” means a committee constituted by the Chief Officer for Health to receive, interrogate and approve the plans and budgets from health facilities and public health offices;

“AIE” means authority to incur expenditure;

“Chief Officer” means the Chief Officer responsible for Medical Services in the Department of Health;

“County Health Facility” includes County and Sub county hospitals, health centers, dispensaries and any other public health entity registered to provide health services;

“Director of Health Services” means the County Director of Health Services and Sanitation appointed by the County Public Service Board;

“Dispensary” means health facility at level 2;

“Entity” Comprises of —

- (a) County referral hospitals;
- (b) Sub-county hospitals;
- (c) Health centers;
- (d) Dispensaries;
- (e) Public Health Unit;
- (f) Rehabilitation Centres; and
- (g) any other public health entity as may be conferred on them as such by this Act or any other legislation.

“Executive member” means the County Executive Committee Member responsible for Health;

“Facility Committee” means the dispensary, health center and hospital facility committee as currently appointed and constituted;

“Fund” has the same meaning assigned under section 69 of the Act;

“Health Facility Committee” means the existing and currently constituted administrative arm that manages health facilities;

“Health Facility Improvement Fund” means revenue collected, planned for and used by a hospital, health center or dispensary, as user fees paid to defray costs of running health facilities;

“Hospital Management Committee” means the administrative arm that oversees the hospital;

“Hospital Management Team” means the executive management of the hospitals as currently constituted;

“Hospital Committee” means the appointed committees as currently constituted;

“user fees” means hospital fees, charges and unit cost as prescribed by the County Executive Committee Member responsible for matters relating to Health;

“Operational and Management Costs” includes planned and budgeted activities by County health facilities;

“Public Health Services” includes all public health services that are of promotive, preventive and clinical in nature being delivered in the County;

“Waiver” means a release from payment after meeting a certain criterion set in regulations by the Executive Member;

“Schemes” means a proposed health benefit package (to cover in-patient and/or out-patient services to an individual, specific group/population offered under a Medical or Health Insurance Scheme;

“Facility unit” means the users or specialized units within the dispensaries, health centers and hospitals providing specific health services.

Coming into Force

3. These Regulations shall come to effect on publication.

Application of the Regulations

4. Pursuant to the provisions of section 69 of the Tharaka Nithi Health Services and Sanitation Act of 2021, these Regulations apply to the following county entities —

- (a) County referral hospitals;
- (b) Sub-county hospitals;
- (c) Health centers;
- (d) Dispensaries;
- (e) Public Health Units;
- (f) Rehabilitation Centres; and
- (g) any other public health entities as may be conferred on them as such by the Act or any other legislation.

PART III—MANAGEMENT AND ADMINISTRATION OF THE COUNTY
HEALTH FACILITY IMPROVEMENT FUND

Role of the Chief Officer

5. The Chief Officer shall —
- (a) ensure annual work plans and budgets from county entities are reflected in the County Annual Budget;
 - (b) set up an expenditure committee to approve all the Facility Improvement Fund budgets;
 - (c) issue AIEs to all facility in-charges for purposes of spending the Facility Improvement Fund;
 - (d) approve all county appropriation for county entities;
 - (e) receive and forward monthly, quarterly and annual financial reports to County Treasury;
 - (f) receive and review performance reports;
 - (g) monitor the implementation of the Facilities Improvement Fund in the County entities;
 - (h) set performance metrics to guide and track the performance of County entities and related purposes; and
 - (i) set and communicate Departmental Budget Ceilings on amounts to be allocated to County entities annually.

Composition and Role of the Hospital Management Team

6. The Hospital Management Team shall, comprise of all the departmental heads within the hospital.

Role of the Hospital Management Committee

7. (1) The Hospital Management Committee shall be nominated by the Executive Member.

(2) The Hospital Management Committee shall, in relation to the Facility Improvement Fund —

- (a) consider and submit annual work plans and budgets for approval by the Chief Officer;
- (b) consider and submit hospital quarterly budgets for approval by the Chief Officer;
- (c) ensure the quarterly implementation plans and budgets are based on available resources;
- (d) monitor the utilization of Facility Improvement Fund;
- (e) approve the facility performance reports and forward to the Chief Officer;
- (f) take corrective action in relation to implementation challenges identified that hinder efficient collection and absorption of funds;

- (g) oversight all financial procedures and reporting requirements by the hospital management teams to ensure they conform to the Public Finance Management Act, 2012 and related regulations;
- (h) ensure strict adherence to procurement rules as prescribed in the Public Procurement and Asset Disposal Act, 2015 and/or its subsequent amendments;
- (i) make policy recommendations on the use of the Facility Improvement Fund;
- (j) guide the hospital fees, charges, unit costs, exemptions and waivers as prescribed by the Executive Committee member for health;
- (k) formulate strategies on resource mobilization for the hospital;
- (l) ensure public awareness on administration of the county Facility Improvement Fund through public participation during annual planning and budgeting; and
- (m) provide liaison between health facility management team and community to strengthen the delivery of quality health services.

Role of the Health Centers and Dispensaries Health Management Team (HMT)

8. Health Centers and Dispensaries' HMT, in relation to Facility Improvement Fund—

- (a) prepare and present the annual work plans and budgets to the Health Facility Management Committee;
- (b) prepare and present the quarterly budgets to the Health Facility Management Committee;
- (c) prepare monthly, quarterly and annual financial reports to the Health Facility Management Committee;
- (d) monitor the performance target of the Facility Improvement Fund;
- (e) monitor the achievement of the health service delivery indicators;
- (f) prepare and present a performance report for (d) and (e) above to the Health Facility Management Committee;
- (g) ensure efficient and effective utilization of resource paid into the Facility Improvement Fund; and
- (h) support external audits.

Role of the Health Facility Management Committee

9. (1) The Health Facility Committee shall be nominated by the Executive Member.

(2) The Health Facility Management Committee shall, in relation to the Facility Improvement Fund—

- (a) consider and submit annual facility work plans and budgets through the Director of Health Services for approval to the Chief Officer;
- (b) consider and submit the facility quarterly budgets for approval to the Chief Officer through the Director;

- (c) ensure the quarterly implementation plans and budgets are based on available resources;
- (d) monitor the utilization of Facility Improvement Fund;
- (e) approve the performance reports to the County Director of Health;
- (f) take corrective action in relation to implementation challenges identified that hinder efficient absorption of funds;
- (g) ensure all financial procedures and reporting requirements are met by the hospital management teams and conform to the County Public Finance Management Regulations, 2012 and/or its subsequent amendments;
- (h) ensure strict adherence to procurement rules as prescribed in the Public Procurement and Asset Disposal Act, 2015 and/or its subsequent amendments;
- (i) ensure public awareness on administration of the county Facility Improvement Fund through public participation during annual planning and budgeting; and
- (j) provide liaison between health facility management team and community to strengthen delivery of quality health services.

Expenditure Committee

10. (1) There is established an expenditure Committee to peruse, interrogate and approve the annual workplans and Budgets and also the quarterly Facility Improvement Fund budgets against available revenues.

(2). The Committee shall be made up of —

- (a) Chief Officer of Health;
- (b) County Director of Health;
- (c) the Health Department Accountant;
- (d) County Public Health Officer;
- (e) the County Nurse in Charge; and
- (f) the County Health Administrator

(3) The expenditure Committee shall meet by the 5th of the first month at the beginning of every quarter.

PART III — FINANCIAL PROVISIONS

Bank account of the relevant health facility

11. Pursuant to provision of section 74(2) of the Act, the Fund Administrator with approval of County Executive Committee Member in charge of Finance shall —

- (a) establish a relevant single Bank Account from which the Fund expenditure shall be defrayed for all county health facilities; and
- (b) operate and authorize disbursement of the funds from the account.

Bank account for the Facility Improvement Fund

12. (1) There shall be opened and operated a bank account for every entity into which all monies received for the Facility Improvement Fund shall be paid.

- (2) The Bank account signatories to the Fund shall be—
- (a) the Fund Administrator;
 - (b) County Director of Health Services and Sanitation; and
 - (c) a representative of the County Treasury appointed by the County Executive Committee Member of Finance, with all the three as mandatory signatories.

Signatories of the account

13. (1) The signing instructions shall be made such that the signature of the Fund administrator and a representative from the County Treasury shall be mandatory on all payments from the Fund account while the County Director in charge of Health Services and County Health Administrator shall be alternate signatories.

Authority to Incur Expenditure (AIEs)

14. (1) The Fund Administrator shall be the accounting officer for the Fund.
- (2) The facility units will identify their needs and submit their requests to the Health Facility Management Team.
- (3) Costing of the requirements will be established and requests evaluated by the Health Facility Management Teams based on available funds/revenues.
- (4) The Health Facility Management Team will determine the budget ceilings to allow respective service delivery units share available resources.
- (5) Entities shall prepare their budgets according to available resources.
- (6) The Health Facility Management Team through the facility-in-charge will submit the proposed budget for consideration by the Hospital Health Facility Management Committees.
- (7) Upon consideration, of the proposed budgets, the Health Facility Management Committee will approve the budgets with or without amendments as necessary, signed copies of the minutes will then be forwarded to the director of health services for onward transmission to the Fund Administrator for the issuance of the AIEs.

Expenditure of the Facility Improvement Fund

15. (1) Upon issuance of AIE to the health facility in charge, the user department shall raise vouchers for payment for services or procurement of commodities.
- (2) The vouchers shall be verified by the respective In-charge of the facility, as applicable.
- (3) All County Health Facilities shall not expend any finances without express authority to incur expenditures.
- (4) The Chief Officer for finance in consultation with the Chief Officer for Health shall appoint accountants for health centers and dispensaries for purposes of proper financial accounting and record keeping.
- (5) The expenditure incurred by County Health Facilities shall be on the basis of, and limited to, the approved budget and the authority to incur expenditure.

(6) Each County Health Facility shall file financial expenditure reports in the prescribed format for the preceding quarter to the Fund Administrator before a new AIE is issued.

Fund operationalization guidelines

16. The following guidelines shall be observed in operationalization of the Fund —
- (a) all revenue collected from County Health Facilities shall be deposited in the Fund Account;
 - (b) the money in the Fund shall be utilized as follows;
 - (i) 75% shall be utilized by the collecting facility;
 - (ii) 20% of F.I.F. collected in Level 4 and above facilities shall be utilized to support primary health care facilities and preventive health services in the County;
 - (iii) 3% shall be utilized for Fund Management and for health service delivery support and supervision by the sub county and county health management teams;
 - (iv) 2% shall be set aside for the Health Emergency purposes;
 - (c) monies received as grants, donations, or loans shall be utilized as per their terms and conditions; and
 - (d) any unspent balances in the Fund in the current fiscal year shall be carried forward to the next fiscal year for re-appropriation.

Fund collection point

17. The following shall be the approved fund collection points —
- (a) Level Four and Level Five hospitals;
 - (b) Health Centres and Dispensaries where applicable;
 - (c) Public Health Offices;
 - (d) Rehabilitation Centers; and
 - (e) any other legal sources.

Receipting of Health Services Funds

18 (1) All monies received by the health facilities in their respective accounts shall be receipted and banked in the County Fund for the full amount received.

(2) User fees shall be received and receipts issued for every service rendered to the patients/clients, reconciled through daily summaries and banked in the approved bank account. Money collected beyond banking hours shall be banked the following day at the start of business.

(3) The Fund Administrator shall ensure automation of revenue collection and ensure the money collected is paid through the system.

Budgeting

19. The Fund Administrator shall prepare the Budget and submit the same to the County Executive Committee Member in charge of matters relating to Health for his/her attention, input, any alteration and further guidance.

Expenditure vote heads

20. The Fund expenditure shall be limited to the following vote heads —

- (a) basic medical supplies and equipment;
- (b) specialized materials and supplies;
- (c) general office supplies and hospitality;
- (d) travelling costs and accommodation related to delivery of Health Services;
- (e) routine operation and maintenance costs;
- (f) purchase of motor vehicles and motor cycles for health facilities;
- (g) utility bills;
- (h) food and rations;
- (i) fuel;
- (j) communication costs;
- (k) refurbishment and construction of buildings; and
- (l) any other expenditure authorized by the CEC Member responsible for Health Services.

(2) Any other expenditure vote heads shall require prior approval in writing by the Fund Administrator.

Books of Accounts and Records on Expenditure

21. The Fund Administrator shall cause to be maintained books of accounts and records on expenditure.

Procurement of Goods and Services

22. The procurement of goods and services shall be in accordance to the Public Procurement and Asset Disposal Act, the regulations thereto and/ or its subsequent amendments.

Financial Reporting

23. (1) The Fund administrator shall prepare quarterly and annual financial reports and statements in accordance to the provisions of Public Financial Management Act, 2012.

(2) The Quarterly Expenditure Report and Annual Financial Report shall consist of—

- (a) a statement of performance (statement of source and use of Funds);
- (b) statement of cash flows reconciled with opening and closing balances of cash, bank and imprest balances; and
- (c) monthly bank reconciliations, including a copy of the bank statement, a copy of the Cash Book, and a schedule of outstanding imprests as at that date.

(3) Quarterly and Annual financial statement and reports shall be in the form as prescribed by the Public Sector Accounting Standards Board.

Audit

(1) Within a period of three months after the end of each financial year, the Fund Administrator shall submit to the Auditor General, the accounts of the Fund in respect of that year together with—

- (a) a statement of financial performance during the year;
- (b) a statement of financial position of the Fund as at 30th June each year; and
- (c) statement of cash flow.

(2) The accounts of the Fund shall be audited and reported upon in accordance with the provisions of the Public Audit Act, 2015 and its subsequent amendments if any.

(3) Internal Auditors may conduct periodic audits/inspection of all fund expenditure as part of internal control to provide assurance that the resources provided have been put to proper intended uses.

Financial year

24. (1) The financial year of the Fund shall be the period of twelve months ending on the thirtieth June in each year.

(2) At least three months before the commencement of each financial year, the Fund Administrator shall cause to be prepared estimates of its revenue and expenditure for that year.

Waivers

25. Any exemption and waivers to payment of user fees shall be done in accordance with the relevant policies and regulations of Tharaka Nithi County.

Supplementary Terms

26. These Regulations shall be supplemented by such administrative guidelines and circulars as may be issued from time to time by the County Executive Member in charge of matters relating to Finance.

Overdraft and continuity

27. (1) The Facility Improvement Fund Accounts shall not be overdrawn.

(2) The Facility Improvement Fund shall not lapse with the turn of a new financial year; but any residue of finances shall be captured in the following financial year budget and annual plans and rolled over.

Winding up of the Fund

28. (1) The Executive Committee Member for Finance may wind up the Fund with the approval of the County Executive Committee and County Assembly.

- (2) Upon winding up as provided under sub-section (1)—
 - (a) the Fund Administrator shall ensure payment of any amount remaining in the Fund into the county exchequer account;
 - (b) the Executive Committee Member for Finance shall, with the approval of the County assembly, pay any deficit in Fund exchequer account; and

- (c) all assets of the Fund shall be taken over by County Government.

Made on the 17th April, 2023.

GICHUYIA NTHURAKU M'RIARA,
County Executive Committee Member, Health Services, Sanitation and ICT.