

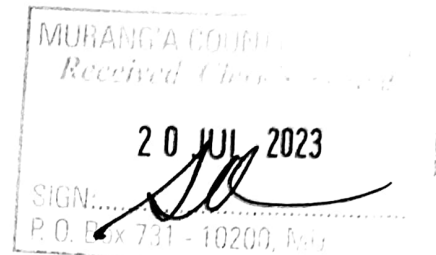
**SPECIAL ISSUE**

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LEGAL NOTICE NO.



**THE PUBLIC FINANCE MANAGEMENT ACT  
(No. 18 of 2022)**

IN EXERCISE of the powers conferred by section 116 of the Public Finance Management Act, 2012, the County Executive Member for finance makes the following Regulations:

**THE PUBLIC FINANCE MANAGEMENT (MURANG'A COUNTY HEALTHSERVICES  
FUND) REGULATIONS, 2023**

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## THE PUBLIC FINANCE MANAGEMENT ACT (No.18 of 2012)

IN EXERCISE of the powers conferred by section 116 of the Public Finance Management Act, 2012, the County Executive Committee Member for Finance makes the following Regulations:

### THE PUBLIC FINANCE MANAGEMENT (MURANG'A COUNTY HEALTH SERVICES FUND) REGULATIONS, 2023

#### PART I –PRELIMINARY

##### Citation

1. These regulations may be cited as the Murang'a County Health Services Fund Regulations, 2023.

##### Interpretation.

2. In these Regulations unless the context otherwise requires —

“Chief Officer” means the Chief Officer responsible for health services in the Department of Health;

“Director for Health Services” means the County Director of Health Services appointed by the Murang'a County Public Service Board;

“Fund Administrator” means the person designated in accordance with section 116(2) of the Public Finance Management Act 2012;

“Fund Board” means the Facility Fund Board managing the Murang'a County Health Services Fund established under Regulation 5;

“Fund” means the Health Services Fund established under Regulation 3;

“Health Facility” means a county hospital, sub-county hospital, health centres, dispensaries, and rehabilitation centres run by the Murang’a County Government;

“Hospital Management Boards” mean the hospital boards and health facility management committees; and

“Health Unit”-means the Health Management Teams.

## PART II - ESTABLISHMENT OF THE FUND

### Establishment of the Health Services Fund

3. 1) There is hereby established a Fund to be known as the Murang’a County Health Services Fund.
- 2) The Fund shall be administered in accordance with Section 116 of the Public Finance Management Act, 2012.
- 3) There shall be paid into the fund —
  - a) monies appropriated by the County Assembly;
  - b) monies received as user fees payable, or insurance payments collectable;
  - c) income generated by a health facility from any project initiated by the health facility, including fees, levies and charges;
  - d) grants and donations; and
  - e) Any other monies received from a lawful source.
- 4) The receipts, earnings, accruals and the balance of the services at the close of each financial year shall not be paid into the County Revenue Fund but shall be retained in the fund and or the respective health facility accounts.
- 5) Income generated by a health facility shall be paid directly into the Fund in accordance with section 109 (2) (b) of the Public Finance Management Act 2012 and Article 207 (4) (b) of the Constitution.

### Objects and Purposes of the Fund

4. The objects and purposes of the Fund are to —

- (1) improve the quality of health care services, including the provision of health insurance cover, maternal health services and community health services;
- (2) ensure facilities have better access to financial resources;
- (3) ensure health facilities are more responsive to medical and public health emergencies;
- (4) ensure that a percentage of the monies is set aside for disbursement and are equitably allocated to primary health services; and
- (5) establish a centralized fund into which all revenues collected pursuant to these Regulations shall be paid and administered.

### **PART III - ADMINISTRATIVE PROVISIONS**

#### **Establishment of the Murang'a County Health Services Fund Board**

5. There is hereby established a Board to be known as the Murang'a County Health Services Fund Board.

#### **Membership of the Fund Board**

6. (1) The Board shall comprise of no more than nine members as follows—

- (a) A Chairperson, who shall not be a public officer, appointed by the Governor;
- (b) Chief Officers responsible for health services or their representatives who shall be nominated in writing by the County Executive Committee Member for health;
- (c) Chief Officer responsible for finance or their representative, who shall be nominated in writing and for a specific period by the County Executive Committee Member for finance;
- (d) The Fund Administrator, appointed for a specific period from existing county staff, by the County Executive Committee Member for finance, who shall be the secretary to the Board;
- (e) The County Director of Health Services or their representative;

(f) The Chairperson of the Hospital Board, Murang'a Level Five Hospital (County Referral Hospital), who shall be a member;

(g) Chairpersons of two-Level IV hospital management boards who shall be nominated in writing by the County Executive Committee Member for health; and

(h) one representative of the level II and III health facilities who shall be nominated in writing by the County Executive Committee Member for health.

(i) A member appointed by the Governor

(2) The Chairperson under section (6)(1) (a) shall hold office for a term of three years and may be eligible for re- appointment for one further and final term.

(3) The members of the Board appointed under section (6) (1) (g) and (h) shall hold office on a rotational basis for a term of 3 years as determined by the County Executive Committee Member for health.

#### **Qualification for Membership**

7. The appointment of the Chairperson under section (6)(1) (a) and members under sub-section (6)(1) (f), (g) and (h) shall be subject to such criteria –

- (a) satisfying the requirements of Chapter Six of the Constitution; and
- (b) holding a minimum of a bachelor's degree from a university recognized in Kenya.

#### **Termination of Membership**

8. A member, other than the Fund Administrator, shall vacate their position as a member of the Fund Board if the member:

- (1) is absent from three (3) consecutive meetings of the Board without written apology;
- (2) violates Chapter 6 of the Constitution;
- (3) voluntarily resigns from Board;
- (4) dies;

- (5) for officers under Regulation 6 (b) and (c) ceases to hold the office; or
- (6) incapacitated by prolonged physical or mental illness as to be unable to attend and discharge their duties.

### **Notified Vacancy in the Board.**

- 9. (1) Any notified vacancy in the Board under Section 6(1) (a) and (d) shall be filled within 14 days of any such vacancy.
- (2) Any notified vacancy under Section 6 (b), (c), (e), (f), and (g) shall be filled within 7 days of such vacancy.

### **Functions of the Fund Board**

- 10. The Fund Board shall—
  - (1) provide oversight of the administration of the monies drawn from the Fund;
  - (2) mobilize resources for the Fund;
  - (3) provide guidance to the hospital management boards and committees on —
    - (a) proposals on user fees where the Hospital Board seeks to propose new user fees or changes to the old fees structure; and
    - (b) approval of expenditure plans.
    - (c) Receive financial reports from the hospital management boards and committees for its consideration and adoption.
    - (d) The Fund Board may, subject to these Regulations and any other law, issue guidelines for its day-to-day activities and conduct.
    - (e) Periodic remittance of monies to health facilities and accounting procedures

### **Meetings and Quorum of the Board.**

- 11. (1) The Board shall meet at least four times and a maximum of eight times every year and the Secretary of the Board shall maintain records of its deliberations.
- (2) The quorum for the meeting of the Board shall be five of all the members including the Secretary.
- (3) In the absence of the Chairperson appointed under Regulation 6 (1) (a) of the Regulations, any other member shall be nominated for the purpose of chairing that meeting.

## Responsibilities of the Fund Administrator

12. In administering the Fund, the Fund Administrator Shall—

- (1) ensure that the earnings of, or accruals to the county public fund, are retained in the fund.
- (2) ensure that money held in the Fund, including any earnings or accruals is spent only for the purposes for which the fund is established;
- (3) prepare accounts for the fund for each financial year not later than three months after the end of each financial year, submit financial statements relating to those accounts to the fund board and the County Treasury.
- (4) present the monthly and quarterly financial statements to the fund board and the County Treasury;
- (5) ensure that the accounts for the fund and the annual financial statements relating to those accounts comply with the accounting standards prescribed and published by the Accounting Standards Board from time to time.

## Budgeting and Expenditure.

13. (1) Funds deposited in the accounts shall be utilized by the respective spending units and drawn through an authority to incur expenditure issued by the county executive committee member for finance, from the annual expenditure plan and quarterly work plans.
- (2) Approval of budgets by the Fund Board shall be done within thirty days after the close of every quarter.
  - (3) In case of conflicts of approvals within the members of the Fund Board, the county executive committee member for finance shall approve 50% of the most recent budget.

## Linkage with the Health Facility Management Boards and Committees



14. The Funding Board shall receive annual budget estimates, plans, and requisitions prepared by the health facility management boards and committees established under the Murang'a County Health Services Act 2020.

### Principles of Financial Management

15. (1) In financial management, the health facility management boards shall:
- (a) review the proposed budget estimates to ensure they are linked to the priorities as outlined in the Quarterly Implementation Plans and Annual Work Plan;
  - (b) Ensure the proposed budget estimates are based on the funds available at the determined distribution schedule;
  - (c) Forward for approval budget estimates to the Fund Board
- (2) In overseeing the administration of all funds, the health facility management boards shall—
- (a) ascertain the available funds and their sources;
  - (b) ensure adherence by the health facility on user fees, unit costs, exemptions and waivers, as prescribed by the county executive committee member for finance;
  - (c) ensure accounting procedures conform to the Fund Regulations and the County Government Financial Management Guidelines;
  - (d) ensure compliance with financial planning cycle;
  - (e) ensure mitigation against financial risk; and
  - (f) ensure internal and external audits are conducted as required under the Fund.

## PART III — FINANCIAL PROVISIONS

### Opening and operating bank accounts

16. (1) The fund administrator may, subject to the approval of the County Executive Committee Member for finance, open bank account (s) for the purposes of managing any monies received by the Fund.

(2) The funds collected by health facilities or monies received in respect of provision of health services shall be paid into bank account (s) operated by the Fund Board in accordance with section 119 of the Public Finance Management Act 2012;

(3) The signatories to the bank account (s) maintained under Regulation 16 (1) shall be the fund administrator and three other board members appointed by the Fund Board with the approval of the County Executive Committee Member for finance.

(4) The signature of the fund administrator shall be mandatory on all payments from the fund account (s), in addition, any other two of the other three signatories.

(5) Utilized for provision of health services in the health facility where the funds are received or generated in accordance with the annual budget estimates of the health facility as approved by the hospital board or health unit.

(6) For the purpose of Regulation 16 (2) above, the provision of health services shall include—

(a) purchase of medical supplies;

(b) purchase of basic medical equipment;

(c) Operational costs and routine maintenance; and

(d) Support for primary health services, insurance cover, maternal support, and community health services.

(e) Monies from the fund will not be utilized to pay salaries.

(7) The administration expenses shall not exceed three percent of the Fund.

(8) The Funds under this section shall be managed in accordance with section 109 (2) of the Public Finance Management Act.

### **Receipting of Heath Service Funds.**

## PART IV – MISCELLANEOUS PROVISIONS

### Guiding Principles

21. (1) The expenditure incurred by a health facility in services delivery shall be on the basis of approved budget and authority to incur expenditure.
- (2) The receipts, earnings, accruals and the balance of the monies in the Fund at the close of each financial year shall not be paid into the County Revenue Fund, but shall be retained by the Fund for the purpose for which the fund is established.

### Partnerships with Other Entities.

22. Subject to the Public Private Partnership Act and the Public Finance Management Act, the Fund Board may, with the approval of the County Executive Committee, enter into partnerships with entities to advance the healthcare in the county.

### Procurement of Goods and Services.

23. The Public Procurement and Assets Disposal Act and Regulations shall apply in the procurement of goods and services.

### Administrative Guidelines.

24. In the performance of its functions under these Regulations, the County Executive Committee Member for Finance may, in consultation with the County Executive Committee Member responsible for Health Services make operational guidelines generally for the governance, control and administration of the Fund.

Dated June 5, 2023.

  
**PROF. KIARIE MWAURA,**  
County Executive Committee Member,  
Finance and Economic Planning.