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CONTENT

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THE NYANDARUA COUNTY HEALTH FACILITY IMPROVEMENT FINANCING ACT, 2025

No. 2 of 2025

Date of Assent: 4th July, 2025

Date of Commencement: See Section 1

ARRANGEMENT OF SECTIONS

Section

THE NYANDARUA COUNTY HEALTH FACILITY IMPROVEMENT FINANCING ACT, 2025

AN ACT of the County Assembly of Nyandarua to provide for collection, management and use of county health facilities' improvement financing and for connected purposes

ENACTED by the County Assembly of Nyandarua, as follows—

PART I — PRELIMINARY

Short title and Commencement

1. This Act may be cited as the Nyandarua County Health Facility Improvement Financing Act, 2025, and shall come into force on such date the Executive Member may designate by notice in the *Kenya Gazette*.

Interpretation

2. In this Act, unless the context otherwise requires—

"AIE" means authority to incur expenditure;

"Chief officer" means the chief officer who is in-charge of health Services;

"Collection account" means an account that shall be used only for the purposes of collecting money raised or received by or on behalf of a facility;

"County Health facility" includes county and sub county hospitals, health centers, dispensaries and any other public health facility registered to provide health services;

"County Director of Health" means the county Director of Medical Services appointed by the County Public Service Board;

"Dispensary" means a health facility at level 2;

"Executive member" means the County Executive Committee Member responsible for health services;

"Exemptions" means exemptions in accordance with national policies;

"Facility committee" means the health center and dispensary facility committee as appointed under section 18 of this Act;

"Health center" means a health facility operating as a Tier III as defined in the Kenya Health Services Sector Plan;

"Health Facility Management Team" means the administrative arm that manages health facilities appointed under section 19;

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

"Hospital" includes county and sub-county hospitals;

"Hospital management team" means the administrative arm that manages hospitals appointed under section 17;

"Hospital Executive Expenditure Committee (EEC)" means the executive management of the hospitals as currently constituted;

"Hospital Management Board" means the appointed under section 14;

"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 and preventive nature being delivered at the community level;

"Sources of funds" means all the sources of the facility improvement financing under section 8; and

"Waiver" means a release from payment after meeting certain criteria set in regulations by the Executive member.

Objects and purposes of the Act

3. The objects and purposes of this Act shall be to—

(a) give effect to article 207(1) of the Constitution of Kenya 2010 and section 109 (2) (b) of the Public Finance Management Act 2012;

(b) establish the county health facility improvement financing mechanism that allows the county health facilities to retain revenue collected for defraying operational, development and maintenance costs; and

(c) provide for appropriate governance structures and accountability measures to support prudent management of resources for efficient delivery of services.

Guiding Principles

4. The following principles shall guide the implementation of this Act—

(a) Offering the highest attainable standard of health, includes the right to Health care services, including reproductive health care as provided for in the Constitution of Kenya;

(b) Health services shall be available, accessible, acceptable, affordable and of good quality and standard;

(c) Health facilities shall be well funded to offer quality care to all patients; and

(d) Accountability, transparency, and integrity shall be upheld, observed, promoted, and protected in the collection, management and use of revenue as provided for in Constitution of Kenya.

Application of the Act

5. This Act applies to the following county health facilities—

(a) County referral hospitals;

(b) Sub-county hospitals;

(c) Health centers;

(d) Dispensaries;

(e) Community health units; and

(f) Any other county health facilities as may be conferred on them as such by this Act or any other legislation.

PART II —COUNTY HEALTH FACILITY IMPROVEMENT FINANCING

Establishment of the County Health Facility Improvement Financing

6. There is established the County Health Facility Improvement Financing.

Purpose of the Facility Improvement Financing

7. The Facility Improvement Financing shall —

(a) enable the county health facilities to collect and retain revenue paid as user fees in order to defray costs of running the respective county health facility;

(b) finance the respective health facility's operational and management costs;

(c) provide readily available financial resources for optimal operation of the county health facilities all year round;

(d) improve daily facility operations and promote improved access to health services to all county residents;

(e) enable public health facilities plan, budget and utilize monies

mobilized in line with the Public Finance Management Act, 2012;

(f) enable smooth operation of public health related activities; and

(g) enable undertaking of development projects.

Sources of the Facility Improvement Financing

8. The Facility Improvement Financing shall consist of—

(a) monies received as user fees and charges;

(b) monies received or reimbursed from insurance schemes;

(c) voluntary contributions from public officers and private persons;

(d) any lawful financial grants, loans, and donations; and

(e) any other monies appropriated by the County Assembly.

Retention of the Facility Improvement Financing

9. (1) Upon commencement of this Act, the following county health facilities shall be entitled to retain and use monies mobilized for the specific facility –

(a) Hospitals;

(b) Health centers;

(c) Dispensaries;

(d) Community health units; and

(e) any other public health unit as may be conferred on them as such by this Act or any other legislation.

(2) Revenues collected by public health units shall be deposited in designated county health facilities accounts

Limitation of the Facility Improvement Financing

10. Any payments made in respect of expenses incurred in carrying out the functions of this Act shall only be in pursuance to the objects and purpose for which the Facility Improvement Financing is established.

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

Role of the Chief Officer

11. The Chief officer shall—

(a) ensure annual work plans and budgets from county health

facilities are reflected in the County annual budget;

(b) periodically issue AIEs to all hospital medical superintendents and facility in-charges for purposes of spending from the Facility Improvement Financing;

(c) receive and forward monthly, quarterly and annual financial reports to the County Treasury; and

(d) monitor and evaluate the implementation of the Facilities' Improvement Financing in the county health facilities.

Establishment of the County Health Management Team

12. (1) There is established a County Health Management Team in the county.

(2) The county health management team shall be appointed by the county executive committee member for health as follows—

(a) the county director of health, who shall be the chairperson;

(b) the senior most administrative officer of the department, who shall be the secretary to the team;

(c) all division heads within the health department; and

(d) the medical superintendents of the county hospitals.

Functions of the County Health Management Team

13. The county health management team shall, in relation to facility improvement financing, perform the following functions—

(a) co-ordinating and overseeing the interpretation and implementation of county health laws and national health policies, including maintenance of standards on quality, performance, co-ordination and regulation, and control of all health and private sectors in their areas of jurisdiction;

(b) reviewing, monitoring the implementation and advising the county department of health on appropriate measures to be adopted for effective implementation of relevant national and county legislation and policies;

(c) coordinating, supporting and supervising the planning, implementation, monitoring and evaluation of technical and managerial activities for health services in the county;

(d) ensuring that good governance and management standards are applied within facilities and in the relations between facilities;

(e) supporting sub-county health management teams and facility management teams in preparing annual and quarterly

operational plans, including their respective budgets and procurement plans;

(f) reviewing and approving the consolidated facility plans submitted by county hospitals;

(g) providing support and supervision to the management of county health facilities;

(h) developing supplementary sources of income for the provision of services, in so far as these are compatible with the applicable law;

(i) making due provision and developing criteria to compensate health care facilities for debts arising through failure to secure payment for bills or from non-payment of treatment of indigent users;

(j) checking the accuracy and timeliness of all financial reports submitted by the sub-county health facility management team to facilitate prompt approval of spending by facilities;

(k) ensuring that available qualified human resources are equitably deployed, capacity building needs assessed and any identified gaps effectively addressed;

(l) ensuring an efficient and effective vertical and horizontal flow of information;

(m) reviewing and approving annual financial statements and reports before submission to the chief officer of health; and

(n) ensuring that health facilities are adequately resourced in terms of budgetary provisions, health products and technologies, equipment and human resource.

Nomination and Role of the Hospital Management Board

14. (1) There is established for each hospital in the County, a Hospital Management Board.

(2) The Hospital Management Board, other than the chairperson, shall be nominated and gazetted by the Executive Member.

(3) The Hospital Management Board shall consist of —

(a) a chairperson, competitively sourced, appointed and gazetted by the governor with the approval of the county assembly;

(b) the medical superintendent of the hospital who shall be the secretary and an *ex-officio* member;

(c) one person, representing faith-based organizations who provide health services in the county;

(d) one person representing persons living with disabilities;

(e) one person who has the knowledge and at least three years' experience in healthcare management or financial management;

(f) a youth resident in the county; and

(g) the Sub-County administrator.

(4) Except for the members under sub-section (3) (a), (b) and (g) all the other members of the Board shall be sourced competitively by the Executive Committee Member.

(5) The person appointed as the Chairperson shall possess the following qualification —

(a) possess an academic degree from an institution recognized in Kenya;

(b) a resident of the County;

(c) have a minimum of five years' experience in management;

(d) satisfies the requirements of the provisions of chapter six of the Constitution of Kenya 2010;

(6) Persons appointed members of the Board shall possess the following qualification —

(a) a holder of at least a degree from an institution recognized in Kenya;

(b) a resident of the County;

(c) satisfies the requirements of the provisions of chapter six of the Constitution of Kenya;

(7) The Executive Member shall ensure compliance with the two-thirds gender rule in the composition of the board;

(8) The Executive Member shall publish in the Kenya gazette, names of appointed members within fourteen days of their appointment.

(9) The Hospital Management Board shall, in relation to the Facility Improvement Financing—

(a) considers and approves relevant work plans, budgets, and performance reports;

(b) formulate and implement strategies on resource mobilization for the hospital;

(c) ensure all financial procedures and reporting requirements are met by the hospital management teams and conform to the Finance Laws;

(d) ensure strict adherence to procurement rules as prescribed in the Public Procurement and Asset Disposal laws;

(e) make policy recommendations on the administration of the Facility improvement financing;

(f) consider the recommendations of internal and external audit reports; and

(g) ensure public awareness on administration of the County Facility Improvement Financing.

Term of office

15. A Member of the Board shall, except for a member under sub section (2) (b and (g), hold office for a period of three years and be eligible for re-appointment once.

Remuneration of members

16. The members of the board shall be entitled to allowances as determined by the Salaries and Remuneration Commission.

Composition and Role of the Hospital Management Team

17. (1) The Hospital Management Team shall, comprise of—

(a) Medical superintendent in charge of the hospital;

(b) the hospital administrator;

(c) the hospital accountant; and

(d) all departmental heads.

(2) The Hospitals Management Team shall, in relation to the Facility Improvement Financing—

(a) prepare the annual hospital work plan and budgets;

(b) prepare quarterly hospital budgets;

(c) prepare monthly, quarterly and annual financial reports;

(d) monitor the performance target of the Facility Improvement Financing;

(e) monitor the achievement of the health service delivery indicators;

(f) prepare a performance report for (d) and (e) above

(g) undertake resource mobilization for the hospital; and

(h) ensure efficient and effective utilization of resources paid into the facility improvement financing.

Composition and Role of the Health Centers and Dispensaries facility committees

18. (1) There is established for each health center and dispensary, a health facility committee.

(2) The Executive Committee Member shall appoint and gazette by a notice in the *Gazette*, members of the health centres and dispensaries Committee.

(3) The committees shall consist of—

(a) one person with proven experience in matters of financial management and administration to be the Chairperson;

(b) three (3) persons comprising of the following —

(i) a youth;

(ii) community Based Organizations representative; and

(iii) a representative of the catchment area;

(c) a representative of the area Member of County Assembly;

(d) the ward representative, who shall be an *ex- officio* member of the facility committee; and

(e) The Health Facility In-charge, who shall be the Secretary.

(4). A person appointed as a facility committee chair shall have a minimum of a diploma from an academic institution recognized in Kenya.

(5) Persons appointed as members of the facility under sub section (3) (b) and (c) shall possess the following qualifications —

(a) a holder of at least a post-secondary school certification or an equivalent from an institution recognized in Kenya;

(b) be a resident of the catchment area; and

(c) satisfies the requirements of the provisions of chapter six of the Constitution of Kenya 2010.

(6) The Chairperson and the members of the Committee appointed under subsection (3) (a), (b) and (c) shall serve for a term of three years and shall be eligible for re- appointment for one further term of three years.

(7) The Executive Member shall ensure compliance with the two-thirds gender rule in the composition of the committee;

(8) The Executive Member shall publish in the Kenya gazette, names of appointed members within 14 days of their appointment.

(9) The Facility Management Committee shall, in relation to the Facility Improvement Financing —

(a) considers and approves relevant work plans, budgets, and performance reports;

(b) formulate and implement strategies on resource mobilization for the hospital;

(c) ensure all financial procedures and reporting requirements are met by the hospital management teams and conform to the Finance Laws;

(d) ensure strict adherence to procurement rules as prescribed in the Public Procurement and Asset Disposal laws;

(e) make policy recommendations on the administration of the Facility improvement financing;

(f) consider the recommendations of internal and external audit reports; and

(g) ensure public awareness on administration of the county facility improvement financing.

Establishment of the health facility management team

19. There shall be established a Health Facility Management Team comprising the facility-in-charge and all the section or unit heads.

Role of the Health Centers and Dispensaries Management teams

20. Health Centers and Dispensaries' management teams shall, in relation to Facility Improvement Financing—

(a) prepare annual and quarterly work plan and budgets and reports;

(b) undertake resource mobilization for the health facility and dispensaries; and

(c) ensure efficient and effective utilization of resources paid into the Facility Improvement Financing.

PART IV— FINANCIAL PROVISIONS

Bank account for the Facility Improvement Financing

21. (1) Each facility shall open and operate a commercial bank

account (s) to which all monies mobilized for the facility improvement financing shall be received and payments made.

(2) With respect to the hospitals, there shall be three signatories to the bank accounts. The two mandatory signatories shall be the medical superintendent and the sub-county administrator. The alternate signatory shall be either the hospital administrator or the hospital nursing services in charge.

(3) With respect to the health centers and dispensaries, there shall be three signatories. The two mandatory signatories shall be the facility in charge and the committee chairperson. The other two alternate members shall be drawn from the committee.

Expenditure of the Facility Improvement Financing

22. (1) Upon issuance of AIE to the medical superintendents or facility in charges, they shall pay for expenses as itemized in the AIE.

(2) Facilities shall not expend any finances without express authority to incur expenditures.

(3) The chief officer responsible for the county treasury shall appoint accountants for health facilities for purposes of proper financial accounting and reporting.

(4) The expenditure incurred by health facilities shall be based on, and limited to, the available finances in the respective bank accounts and the authority to incur expenditure.

(5) That each facility's bank account(s) shall be designated as a collection account and expenditure account.

(6) That any monies to be withdrawn shall only be after the resolution of the hospital management board or the facility committees.

Audits

23. The facility improvement financing shall be subjected to audits in accordance with section 35 of the Public Audit Act 2015.

Overdraft and continuity

24. (1) The facility improvement financing accounts shall not be overdrawn.

(2) The facility improvement financing balance shall not lapse with the end of a financial year; but any balances of finances shall be rolled over to the subsequent financial year budget.

(3) The Chief Officer shall submit the certificate of balances for all facility accounts to the Chief officer responsible for the County treasury at the close of each financial year.

Winding up of Facility Improvement Financing

25. (1) Where a health facility is closed and the Facility Improvement Financing account is to be wound up, the balances shall be transferred to the local Revenue collection account by the Chief officer and a certificate of balance issued to the accounting officer for the Department of Health.

(2) The chief officer shall then make a determination of the facility that shall benefit from the funding based on established priorities.

PART V—MISCELLANEOUS PROVISIONS

Transitional provisions

26. All gazetted members of the current hospital management boards and health facility committees shall continue to operate as currently constituted until the gazettement of the newly appointed hospital a management boards and health facility committees.

Penalties

27. Penalties stipulated in the Public Finance Management Act, 2012 and its regulations, and the Public Procurement and Asset Disposal Act 2015 and its regulations and other relevant laws shall apply.

Regulations

28. The County Executive Member responsible for Health, may make regulations and guidelines for the better carrying out of the provisions of this Act.