

THE BARINGO COUNTY HEALTH FACILITY IMPROVEMENT FINANCING BILL, 2024

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THE BARINGO COUNTY HEALTH FACILITY IMPROVEMENT FINANCING BILL, 2024

A Bill for

An ACT of County Assembly of Baringo to provide for collection, retention, management and use of County Health Facility Improvement Financing and for connected purposes.

ENACTED by the County Assembly of Baringo as follows-

PART I - PRELIMINARY

Short Title. 1. This Act may be cited as the Baringo County Health Facility Improvement Financing Act, 2024.

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

AIE means authority to incur expenditure

“Chief Officer” means the chief officer responsible for Health Services in the department of Health;

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

“Dispensary” means health facility at level 2;

“Entity” means county department of health or health facility or public health unit declared to be a county government entity under section 5(1) of the Public Finance Management Act (2012);

“Executive member” means the County Executive

Committee Member responsible for health services;

“Health center” means a health facility at level 3;

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

“Health Facility Management Committee” means the existing and currently constituted administrative arm that oversees operations in level 2 and 3 health facilities;

“Health Facility Improvement Financing” hereinafter referred to as Health Improvement Financing, means revenue collected, retained, planned for and used by a hospital, health center or dispensary, and public health offices as user fees paid to defray costs of running and maintaining health entities;

“Hospital” includes county and sub-county health facilities at levels 5 and 4 respectively;

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

“Hospital Management Board” means the appointed and gazetted board members as currently constituted;

“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 in nature;

“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;

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

“Exemptions” means exemptions in accordance to national policies.

“Schemes” means a proposed benefit package (to cover in-patient and out-patient services to a specific group/population offered under the SocialHealth Insurance Fund (SHIF) and other medical insurance covers.

Objects and purposes of the Act.

3. The objects and purposes of this Act is to-

(a) give effect to Section 5 (1) of the Public Finance Management Act by declaring county health facilities as entities;

(b) Provide a framework in line with Sec 109 (2) (b) of the PFM Act, 2012 to allow the county health facilities to retain revenue collected for defraying operational and maintenance costs; and

(c) provide for appropriate governance structures and accountability measures to support the county health Facility Improvement Financing as provided for in the Public Finance Management Act (2012).

Principles of the county health Facility Improvement Financing

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

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

(b) health facilities, public health units and community health services shall be well funded to offer quality health care to all; and

(c) accountability, transparency and integrity shall be upheld, observed, promoted and protected in the collection, management and use of revenue.

(d) That revenue generated at health entities will be considered to be additional to the budgets appropriated to health entities by the County Assemblies or National Parliament and not a substitute.

Application of the Act

5. This Act applies to the following county entities-

(a) County referral hospitals;

(b) Sub-county hospitals;

(c) Health centers;

(d) Dispensaries; and

(e) Public Health services

(f) Any other public health entities 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 shall be established the County Health Facility Improvement Financing.

Functions of the Health Facility Improvement Financing

7. The Health Facility Improvement Financing shall-

- (a) enable the county entities to collect and retain all revenue paid as user fees in order to defray costs of running the respective county entity;
- (b) finance the respective entities' operational and management costs;
- (c) provide readily available financial resources for optimal operations of the county entities all year round;
- (d) improve daily entities operations and promote improved access to health services to all county residents;
- (e) establish the county health entities as a procurement entity in line with the Public Procurement and Asset

Disposal Act of 2015 and the Public Procurement and Asset Disposal Regulations of 2020;

(f) increase, where applicable, the accessibility and predictability of finances for procurement of essential products, commodities and technologies.

(g) enable county entities to budget and utilize collected revenue in line with the Public Finance Management Act (2012).

(h) Support community level health services

Sources of the Health Facility Improvement Financing

8. The Health Facility Improvement Financing shall consist of—

- (a) monies received as user fees and charges;

- (b) monies received as capitation or reimbursement for services prescribed in the Social Health Insurance Schemes Act and or from any other insurance provider.
- (c) Income received through licensing or user fee in relation to any function or activity under public or environmental health department;
- (d) voluntary contributions from public officers and private persons;
- (e) grants and donations from other County public entities such as the municipalities and water companies;
- (f) grants and donations from government parastatals, non-state entities, public and private companies and businesses;
- (g) in-kind donations from well-wishers such as medical equipment and supplies, pharmaceutical and non-pharmaceutical supplies and relief foods;
- (h) monies appropriated by the County Assembly or any other source approved by the County Treasury.

Retention of the Health Facility Improvement Financing

9. Upon commencement of this Act, the following county health entities shall be entitled to collect, retain all and use the Health Facility Improvement Financing-

- (a) county referral hospitals- level 5;
- (b) sub-county hospitals- level 4;
- (c) health centers- level 3;

(d) dispensaries- level 2;

(e) Public health office

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

Limitation of the Health Facility Improvement Financing

10. Any payments made in respect of expenses incurred in carrying out the functions of this Act shall be in pursuance of the objects and purpose for which the Health 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 as the accounting officer shall-

(a) ensure annual work plans and budgets from county health entities are reflected in the County annual budget;

(b) set up ad hoc expenditure committee drawn from CHMT to review and advise on the Health Facility Improvement Financing budgets by 10th of the first month at the beginning of every quarter.

(c) issue AIEs to all facility in-charges and public health officers for purposes of spending the Health Facility Improvement Financing;

(d) approve all county appropriation for county entities;

(e) Review and forward monthly, quarterly and annual financial reports to County Treasury;

- (f) receive and review performance reports
- (g) monitor the implementation of the Health Facility Improvement Financing in the county health entities.
- (h) Set performance metrics to guide to track the performance of county health entities and related purposes,
- (i) Set and communicate budget ceilings on amounts to be allocated to county health entities annually.

Composition and Role of the Hospital Management Team

12. (1) The Hospital Management Team shall, comprise of:

- a) Hospital in-charge
- b) All the departmental heads within the hospital.

(2) The Hospitals management team shall, in relation to Health Facility Improvement Financing;

- a) prepare and present the annual hospital workplan and budget
- b) prepare and present the hospital quarterly budgets
- c) prepare monthly, quarterly and annual financial reports
- d) monitor the performance target of the Health Facility Improvement Financing
- e) monitor the achievement of the health service delivery indicators
- f) prepare and present a performance report for (d) and (e) above as per the prescribed format.
- g) undertake resource mobilization for the hospital

- h) ensure efficient and effective utilization of resource paid into the Health Improvement Financing
- i) ensure internal audits are periodically undertaken to mitigate financial risks
- j) ensure external audits are undertaken on a timely basis

Role of the Hospital Management Board

13. (1) The Hospital Management Board shall be appointed and gazetted by the Executive Member

2) The Hospital Management Board shall, in relation to the Health Improvement Financing;

(a) considers and submit for approval to the Chief Officer for health annual work plan and budgets;

(b) considers and submit for approval to the Chief Officer for approval of the hospital quarterly budgets;

(c) ensure the quarterly and annual implementation plans and budgets are based on available resources

(d) formulate strategies on resource mobilisation for the hospital;

(e) monitor the utilization of Health Facility Improvement Financing;

(f) approve the facility performance reports referred in Clause 12 (2) (f) and forward to the Chief Officer;

(g) take corrective action in relation to implementation challenges identified that hinder efficient collection and absorption of funds;

- (h) Ensure that all financial procedures and reporting requirements are complied with by the hospital management teams and conform to the Public Finance Management Act (2012) and related regulations and any other relevant County Legislation;
- (i) ensure strict adherence to procurement rules as prescribed in the Public Procurement and Asset Disposal Act, 2020
- (j) make policy recommendations on the use of the Health Improvement Financing;
- (k) guide the hospital fees, charges, unit costs, exemptions and waivers as prescribed by the Executive Committee member for health;
- (l) receive, deliberate and make recommendations on audit reports.
- (m) ensure public awareness on administration of the county Health Improvement Financing through public participation during annual planning and budgeting.
- (n) Liaison between health facility management team and community to strengthen the delivery of quality health services.

Composition and Role of the Health Centers and Dispensaries HFMT

14. (1) The Health Facility Management Team shall, comprise of:

- a) facility in-charge
- b) All the departmental heads within the health facility.

(2). Health Centers and Dispensaries' HMT, in relation to Health Facility Improvement Financing,

- a) prepare and present the annual workplan and budget

- b) prepare and present the quarterly budgets
- c) prepare monthly, quarterly and annual financial reports
- d) monitor the performance target of the Health Facility Improvement Financing
- e) monitor the achievement of the health service delivery indicators
- f) prepare and present a performance report for (d) and (e) above.
- g) undertake resource mobilization for health service provision in levels I, II and III.
- h) ensure efficient and effective utilization of resource paid into the Health Facility Improvement Financing
- i) To support external audits.

Role of the Health Facility Management Committee

15 (1) The Health Facility Management Committee shall be appointed and gazetted by the Executive Member

2) The Facility Committee shall, in relation to the Health Facility Improvement Financing;

- a) considers and submit for approval to the Chief Officer annual facility work plan and budgets;
- b) considers and submit for approval to the Chief Officer the facility quarterly budgets;
- c) ensure the quarterly implementation plans and budgets are based on available resources
- d) monitor the utilization of Health Facility Improvement Financing;

- e) approve the performance reports referred in Clause 14 (2) (f) and forward to the County Department 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 2015;
- h) ensure strict adherence to procurement rules as prescribed in the Public Procurement and Asset Disposal Act 2020;
- i) ensure public awareness on administration of the county Health Improvement Financing through public participation during annual planning and budgeting.
- j) receive the audit report
- k) Liaison between health facility management team and community to strengthen delivery of quality health services

Composition of Sub-county Health Management Team

16. The Sub-county Health Management team shall comprise of the following:

- 1) sub-county medical officer/coordinator of health
- 2) sub-county health administrator
- 3) sub-county health accountant, where applicable
- 4) sub-county public health officer
- 5) sub-county public health nursing officer

Role of the Sub-County Health Management Team on Public Health Financing

17. The sub-county health management team shall, in relation to the Health Facility Improvement Financing,

- a) review the annual work plan and budget of the public health units
- b) review and present the quarterly budgets to the Chief officer for approval
- c) review public health unit monthly, quarterly and annual financial reports
- d) monitor public health performance targets of the Health Facility Improvement Financing
- e) monitor the achievement of the public health service delivery indicators
- f) present a performance reports to the County Health Management team for (d) and (e) above.
- g) undertake resource mobilization for public health service for community health support.
- h) ensure efficient and effective utilization of resource paid into the Health Improvement Financing public health account
- i) Receive the external audits.

Collections from various entities

18. County Health entities shall, with respect to the finances collected;

a) Retain 100% to facilitate public health service delivery including supporting community health services.

b) The monies collected by various entities shall be shared as follows; 90% to be utilized at the facility and 10% for Sub-county Health Management Team (SHMT) and County Health Management Team (CHMT) on support supervision.

PART IV- FINANCIAL PROVISIONS

Bank account for the Health Facility Improvement Financing

19. (1) There shall be operated a bank account for every entity which all monies received for the Health Facility Improvement Financing shall be paid.

(2) With respect to the hospitals, mandatory signatories to the bank accounts shall be the Hospital-In-Charge.

3) With respect to the hospitals the second signatory shall either be the Hospital Administrator and/or the hospital accountant.

4) With respect to the health centers and dispensaries, the mandatory signatory to the bank account shall be the Facility-in-Charge.

5) With respect to the health centers and dispensaries the second signatory shall either be the Chair or the treasurer of the health facility management committee.

6) With respect to public health services, Sub- county public health officer, Sub-county coordinator/MoH and sub- county accountant all being mandatory signatories.

Authority to IncurExpenditure (AIEs)

20. (1) The Chief officer shall be the accounting officer.
- (2) The user departments 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 ceilings to allow respective departments share available resources,
- (5) Entities will adjust their requirements 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 Board / Health Facility Management Committees,
- (7) Upon consideration, of the proposed budgets, the Hospital Board / 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 Chief Officer for the issuance of the AIEs.

Expenditure of the Health Facility Improvement Financing

21. (1) Upon issuance of AIE to the health facility in charge, the public health shall raise vouchers for payment for services or procurement of commodities.
- (2) The vouchers shall be prepared, verified, confirmed and preserved in accordance with the PFM Act 2012 regulations.

(3) Where applicable, IFMIS shall be used as the primary accounting platform for the county health entities

(4) All county health entities shall not spend any finances without express authority to incur expenditures

(5) The Chief Officer for County Treasury in consultation with the Chief Officer provided in Section 2 may designate accountants for health centers and dispensaries for purposes of proper financial accounting and record keeping.

(6) The expenditure incurred by county health entities shall be on the basis of, and limited to, the available finances in the respective bank accounts and the authority to incur expenditure.

(7) County health entities shall be expected to file returns/account in the prescribed format for the preceding quarter to the office of the Chief Officer before a new AIE is issued

Audits

22. The Health Facility Improvement Financing shall be subjected to audits in accordance to the Public Audit Act, 2015.

Overdraft and continuity

23. (1) The Health Facility Improvement Financing Accounts shall not be overdrawn.

(2) The Health Facility Improvement Financing 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 Health Facility Improvement Financing

24. In circumstances when a county entity is closed and the Health Improvement Financing is to be wound up, the balances shall be swept to the County Revenue Fund and a certificate sent to the Accounting officer for the Department of Health.

PART V- MISCELLANEOUS PROVISIONS

Transitional provisions

25. (1) All gazetted members of the current Hospital Boards and Health Facility Management Committees shall continue to operate as per existing regulations.

Penalties

26. Penalties stipulated in the Public Finance Management Act, 2012 and its regulations and the Public Procurement and Asset Disposal Act 2020 and its regulations and other written laws on misuse, misappropriation and other deviations shall apply.

Regulations

27 The Executive Member may make regulations for the better carrying out of the provisions of this Act.

MEMORANDUM OF OBJECTS AND REASONS

This Bill is has been formulated to establish mechanisms for financing the Health Sector.

Specifically the objects and Reasons of this Bill are to;

give effect to Clause 5 (1) of the Public Finance Management Act by declaring county health facilities as entities;

Provide a framework in line with Clause 109 (2) (b) of the PFM Act, 2012 to allow the county health facilities to retain revenue collected for defraying operational and maintenance costs; and Provide for

appropriate governance structures and accountability measures to support the county health Improvement Financing as provided for in the Public Finance Management Act (2012).

This Bill is structured as follows;

PART I- is the Preliminary, which introduces the title, interpretation of terms, objects purpose Guiding Principles of the implementation of the Act.

PART II –Establishes the County Health Improvement Financing, sets out functions of the Health Facility Improvement Financing ,Sources of funds the Health Facility Improvement Financing and Retention of revenue collected from health services and the limitation of the Health Facility Improvement Financing funds.

PART III –establishes the management and administration of the county health Facility improvement financing services and sets out the role of the Chief Officer , composition and role of the County Hospital Management Team, hospital Management Board, Health centers and dispensaries team and role of facility management committee.

PART IV – outlines the financial provisions for the proper execution of functions under this Bill and provides the percentages of revenue to be retained at the hospitals and facilities for running of operations.

PART V – provides the Miscellaneous provisions upon coming into force of this Act including, Offences, Savings and Transitional provisions and powers to formulate Regulations for better implementation of the Act.

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HON. JOSPHAT LOKORIO

CHAIRPERSON – COMMITTEE ON HEALTH SRVICES

BARINGO COU NTY ASSEMBLY