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THARAKA NITHI COUNTY ACTS, 2025

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**THE THARAKA NITHI COUNTY HEALTH FACILITY
IMPROVEMENT FINANCING ACT, 2025**

No. 6 of 2025

Date of Assent: 9th December, 2025

Date of Commencement: See Section 1

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**THARAKA NITHI COUNTY HEALTH FACILITY
IMPROVEMENT FINANCING ACT, 2025**

AN ACT of the County Assembly of Tharaka Nithi to provide for collection, retention, management and use of County Health Facility Improvement Financing and for connected purposes

ENACTED by the County Assembly of Tharaka Nithi, as follows —

PART I — PRELIMINARY

Short title

1. This Act may be cited as the Tharaka Nithi County Health Facility Improvement Financing Act, 2025, and shall come into force upon its publication in the *Kenya Gazette*.

Interpretation

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

“AIE holder” means the officer in-charge of an Entity;

“Accountant” means a person duly recruited by the County Public Service Board or assigned by the County Executive Committee Member for Finance to handle financial matters related to the health sector within the County Government of Tharaka Nithi;

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

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

“Dispensary” means health facility at level 2;

“Entity” means Level 4 and Level 5 hospitals, declared to be a county government entity pursuant to section 5(1) of the Public Finance Management Act, 2012;

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

“Expenditure Committee” means a committee constituted by the Chief Officer for health to receive, interrogate and recommend for approval, the plans and budgets from the Entities and Primary Health Care Facilities;

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

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

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“Health Facility Improvement Financing” means revenue collected, retained, planned for and spent by Entities as user fees paid to defray costs of running and maintaining health Entities as appropriated by the County Assembly;

“Hospital” includes county and sub-county health facilities at levels 6, 5 and 4 respectively and including medical outreaches, mobile clinics, and health camps annexed to levels 6, 5 and 4 hospitals;

“Hospital Management Committee” means the duly appointed and constituted administrative body responsible for the governance, oversight, and management of hospitals, in accordance with the provisions of the Tharaka Nithi County Health Services and Sanitation Act, 2021;

“Operational and maintenance costs” includes planned and budgeted activities by Entities;

“Primary Health Care Facility” means health centres and dispensaries operated or designed to provide in-patient or out-patient treatment, diagnostic or therapeutic interventions, nursing, rehabilitative, palliative, convalescent, preventative or other health service and including medical outreaches, mobile clinics, and health camps annexed to the said facilities;

“Primary Health Care Facility Management Committee” means the duly appointed and constituted administrative body responsible for the governance, oversight, and management of health center and dispensary in accordance with the provisions of the Tharaka Nithi County Health Services and Sanitation Act, 2021;

“Public Health Management Committee” means the administrative arm that manages public health units;

“Public Health Services” includes all public health services that are promotive and preventive in nature;

“Public health units’ includes units generating revenue from public health activities and inoculation services;

“Schemes” means a proposed benefit package to a specific group/population offered under the public Health Insurance systems in existence and other medical insurance covers;

“Special Interest Groups” means groups defined as per Article 27 of the Constitution of Kenya and any other relevant laws including but not limited to: women, Persons with disabilities, youth and other minorities and marginalized communities; and

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“Waiver” means a release from payment after meeting a certain criterion set in regulations by the County Executive committee member in charge of matters relating to Finance.

Objects and purpose

2. The objects and purpose of this Act is to —
 - (a) give further effect to the National Facilities Improvement Financing Act of 2023 in exercise of powers conferred on the County Government under section 29 of that Act;
 - (b) provide for the declaration of the hospitals as an entity within the meaning of section 5 (1) of the Public Finance Management Act, 2012;
 - (c) provide a framework in line with section 109 (2) (b) of the Public Finance Management Act, 2012 to allow the county health facilities to retain all revenue collected for defraying costs; and
 - (d) 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 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 high quality and standard;
 - (b) accountability, transparency and integrity shall be upheld, observed, promote and protected in the collection, management and use of revenue;
 - (c) that revenue generated at health entities will be considered to be complimentary to the budgets appropriated to health entities by the County Assembly and not a substitute.

Application of the Act

5. This Act applies to the following entities—
 - (a) County referral hospitals;
 - (b) Sub-county hospitals;
 - (c) Health centers;

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- (d) Dispensaries;
- (e) Public health units;
- (f) County Rehabilitation Centres; and
- (g) any other entity as recommended by the executive member.

PART II —HEALTH FACILITY IMPROVEMENT FINANCING**Establishment of the Health Facility Improvement Financing**

- 6. There is established the health facility improvement financing.

Functions of the Health Facility Improvement Financing

- 7. The Health Facility Improvement Financing shall—
 - (a) enable an Entity to collect and retain revenue paid as user fees in order to defray expenses of the respective entity;
 - (b) provide readily available financial resources for optimal operations of the Entities;
 - (c) improve daily Entity operations and promote improved access to health services to all county residents;
 - (d) provide for establishment of Entities as a procurement unit in line with the Public Procurement and Asset Disposal Act of 2015 and the Public Procurement and Asset Disposal Regulations of 2020 and subsequent amendments to these legislations.
 - (e) provide a framework for the amalgamation of Primary Health Care Facility and the centralisation of their procurement processes at the county level, which shall be undertaken in accordance with the Public Procurement and Asset Disposal Act, 2015, the Public Procurement and Asset Disposal Regulations, 2020, and any subsequent amendments thereto;
 - (f) increase, where applicable, the accessibility and predictability of finances for procurement of essential products, commodities and technologies;
 - (g) enable an Entity to budget and utilize collected revenue in line with the Public Finance Management Act, 2012 and subsequent amendments to this legislation;
 - (h) provide a framework for the preparation, approval and execution of budgets for Primary Health Care Facility, in a manner consistent with the Public Finance Management Act, 2012; and
 - (i) 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 public health insurance in existence at the time and or from any other insurance provider;
- (c) income received through licensing in relation to any function or activity under public or environmental health department;
- (d) grants and donations from a County public entity such as the municipalities and water companies;
- (e) grants and donations from national treasury, parastatals, nonstate entities, public and private companies, businesses and individuals;
- (f) in-kind donations from well-wishers such as medical equipment and supplies, pharmaceutical and non-pharmaceutical supplies and relief foods;
- (g) monies appropriated by the County Assembly or any other source approved by the County Treasury; and
- (h) revenue generating activities in an entity.

Retention of the Health Facility Improvement Financing

9. Upon commencement of this Act, the following County Entities shall be entitled to collect, retain all and use the Health Facility Improvement Financing—

- (a) County referral hospitals;
- (b) Sub-county hospitals;
- (c) Health centers;
- (d) Dispensaries;
- (e) Public health units;
- (f) County rehabilitation units; and
- (g) any other health entities.

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 pursuant of the objects for which the Health Facility Improvement Financing is established.

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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 Entities are reflected in the County annual budget;
 - (b) issue authority to incur expenditure to AIE holders for the purpose of spending the Health Facility Improvement Financing;
 - (c) approve all County appropriation for a county Entity in consultation with the County Executive Member for Health;
 - (d) receive, review and forward monthly, quarterly and annual financial reports to County Treasury;
 - (e) receive and review performance reports;
 - (f) monitor the implementation of the Health Facility Improvement Financing in the county Entities as well as Primary Health Care Facilities;
 - (g) set performance metrics to track the performance of county Entities and related purposes; and
 - (h) guide and communicate budget ceiling on amounts to be allocated to County health entities annually.

Establishment, Composition and Role of the County Health Management Team

12. (1) There is established a County Health Management Team in accordance with section 11 of the Tharaka Nithi County Health Services and Sanitation Act, 2021.

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

- (a) prepare and present the annual health facility work plan and budget;
- (b) prepare and present the health facility quarterly budgets;
- (c) prepare monthly, quarterly and annual financial reports;
- (d) monitor the performance target of the Health Facility Improvement Financing;

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- (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 health facility;
- (h) ensure efficient and effective utilization of resources paid into the Health Facility Improvement Financing; and
- (i) ensure internal audits are periodically undertaken to mitigate financial risks.

Establishment, Composition and Role of the Expenditure Committee

13. (1) There is established an expenditure Committee whose role will be to peruse and interrogate the annual workplans and annual budget. The quorum in conducting meetings shall be five (5) members.

(2) The Committee shall comprise—

- (a) County Director of Health who shall be the chair;
- (b) Health Department Accountant;
- (c) County Public Health Officer;
- (d) County Chief Nursing Officer;
- (e) County Pharmacist;
- (f) County Health Administrator who shall be the secretary to the Committee.

(3) The expenditure Committee shall meet at the beginning of every quarter.

(4) The quorum in conducting meetings shall be five members.

(5) The functions of the Expenditure Committee in relation to Health Facility Improvement Financing—

- (a) review and interrogate annual workplans and budgets submitted by various units within the Department of Health;
- (b) provide recommendations aimed at ensuring efficiency, accountability, and value for money in resource allocation and utilization;
- (c) identify any inconsistencies or areas requiring realignment in workplans and budgets;
- (d) monitor implementation progress and financial performance through quarterly reviews;

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- (e) prepare and submit quarterly reports to the Chief Officer for further action or decision-making.
- (6) The Chairperson of the Committee shall—
 - (a) convene and schedule all meetings of the Committee, including ensuring that meetings are held quarterly as required;
 - (b) preside over and guide the conduct of all Committee meetings, ensuring orderly and objective deliberations;
 - (c) in consultation with the Secretary, set meeting agendas that prioritize key issues such as budget review, workplan evaluation, and financial reporting;
 - (d) lead the Committee in making informed decisions and recommendations on resource allocation and expenditure oversight;
 - (e) confirm the presence of quorum before commencing any meeting and encourage active participation by all members;
 - (f) oversee the preparation and ensure timely submission of quarterly reports to the Chief Officer;
 - (g) facilitate resolution of disagreements during deliberations and uphold transparency, efficiency, and accountability in all Committee operations.

Establishment, Composition and Role of the Hospital Management Committee

14. (1) There is established a Hospital Management Committee for the County hospital and each of the Sub-county hospitals.

(2) The Hospital Management Committee shall be appointed and Gazetted by the Executive Member, with the approval of the County Assembly, in accordance with the provisions of the Tharaka Nithi County Health Services and Sanitation Act, 2021.

- (3) The Hospital Management Committee shall, comprise—
 - (a) a non-executive chairperson a resident of the Sub-county where the facility is situated;
 - (b) the Chief Executive Officer or the medical superintendent who, shall be the Secretary;
 - (c) the area sub-county administrator appointed under Section 50(1) of the County Governments Act, 2012;
 - (d) the County Director of Health;

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- (e) one person representing the faith based organizations provided that such person shall not be concurrently involved in the management or operation of any other health facility;
 - (f) the following persons, of which one third must be either gender and with priority being given to residents of the area of jurisdiction—
 - (i) one person who shall have knowledge and experience in finance and administration matters;
 - (ii) not more than two persons representing the community of whom one shall be of different gender and from special interest groups.
- (4) The Hospital Management Committee shall, in relation to the Health Facility Improvement Financing—
- (a) consider and submit quarterly and annual work plan and budgets to the Expenditure Committee;
 - (b) ensure the quarterly implementation plans and budgets are based on available resources;
 - (c) formulate strategies on resource mobilization for the hospital;
 - (d) monitor the utilization of Health Facility Improvement Financing;
 - (e) approve the facility performance reports referred in section 12 (2) (f) 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) take corrective action in relation to implementation challenges identified that hinder efficient collection and absorption of funds;
 - (h) oversight all financial procedures and reporting requirements to ensure they are met by the hospital management teams and conform to the Public Finance Management Act, 2012 and related regulations;
 - (i) ensure strict adherence to procurement rules as prescribed in the Public Procurement and Asset Disposal Act, 2015 and subsequent amendment;
 - (j) make policy recommendations on the use of the Health Facility Improvement Financing;
 - (k) guide the hospital fees, charges, unit costs, and waivers as prescribed by the County Executive Committee Member in-

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charge of matters relating to Finance and other existing policies and guidelines;

- (l) receive the audit report and respond to management queries;
- (m) ensure public awareness on administration of the county Health Facility Improvement Financing through public participation during annual planning and budgeting; and
- (n) liaise with hospital management team and community to strengthen the delivery of quality health services.

Establishment, Composition and role of the Primary Health Care Facility Management Committee

15. (1) There is established a Primary Health Care Facility Management Committee for each dispensary and health centre.

(2) The Primary Health Care Facility Management Committee for each dispensary and Health centre shall be appointed and gazetted by the Executive Committee Member, in accordance with the provisions of the Tharaka Nithi County Health Services and Sanitation Act, 2021.

(3) The Primary Health Care Facility Management Committee shall, in relation to the Health Facility Improvement Financing—

- (a) consider and submit quarterly and annual work plan as well as budgets to the expenditure committee.;
- (b) ensure the quarterly implementation plans and budgets are based on available resources;
- (c) monitor the utilization of Health Facility Improvement Financing;
- (d) approve the performance reports and forward to the Expenditure Committee;
- (e) take corrective action in relation to implementation challenges identified that hinder efficient absorption of funds;
- (f) ensure all financial procedures and reporting requirements are met by the hospital management teams and conform to the County Public Finance Management Regulations, 2015;
- (g) ensure strict adherence to procurement rules as prescribed in the Public Procurement and Asset Disposal Act, 2015;
- (h) ensure public awareness on administration of the county Health Facility Improvement Financing through public participation during annual planning and budgeting;
- (i) receive the audit report; and

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- (j) Liaise with health facility management team and community to strengthen delivery of quality health services.

Establishment, Composition and Role of the Sub-county Public Health Management unit

16. (1) There is established a Public Health Management unit comprising of—

- (i) Officer in charge of Health in the sub county;
- (ii) sub-county Public Health Officer;
- (iii) Sub-County Public Health Nurse;
- (iv) Sub-County Community Strategy Co-ordinator; and
- (v) Accountant.

(2) The Sub-county Public Health Management Unit shall, in relation to Improvement Financing—

- (a) prepare and present the annual Sub-County Public Health Unit workplan and budget;
- (b) prepare and present the Sub-County Public Health Unit quarterly 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 public health service delivery indicators;
- (f) prepare and present a performance report for (d) and (e) above as per the prescribed format;
- (g) undertake resource mobilisation for the county public health unit;
- (h) ensure efficient and effective utilization of resource paid into the facility improvement financing;
- (i) ensure internal audits are periodically undertaken to mitigate financial risks; and
- (j) ensure external audits are undertaken on a timely basis.

Establishment, Composition and Role of the Sub-county Public Health Committee

17. (1) The Sub-County Public Health Unit shall be annexed to the relevant Hospital Management Committee within the respective sub-county.

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(2) The Committee shall, in relation to the Health facility improvement financing—

- (a) consider and submit quarterly and annual work plan as well as budgets to the Expenditure Committee;
- (b) ensure the quarterly implementation plans and budgets are based on available resources;
- (c) monitor the utilization of the facility improvement financing;
- (d) approve the performance reports and forward to the Expenditure Committee;
- (e) take corrective action in relation to implementation challenges identified that hinder efficient absorption of funds;
- (f) ensure all financial procedures and reporting requirements are met by the Public Health Officer and conform to the Public Finance Management Regulations, 2015;
- (g) ensure strict adherence to procurement rules as prescribed in the Public Procurement and Asset Disposal Act, 2015;
- (h) ensure public awareness on administration of the Improvement Financing through public participation during annual planning and budgeting; and
- (i) act as liaison between Public Health Management Team and the community to strengthen delivery of quality public health services.

PART IV— FINANCIAL PROVISIONS

Bank account for the Health Facility Improvement Financing

18. (1) There shall be opened and operated a bank account for every Entity into which all monies received for the Health Facility Improvement Financing shall be paid in accordance with the Public Finance Management Act, 2012.

(2) All monies received for the Health Facility Improvement Financing from the respective facilities shall be remitted into the respective Special Purpose Account held at Central Bank of Kenya and in manner prescribed by the County Executive Committee Member in charge of matters relating to finance in accordance with the Public Finance Management Act, 2012.

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

Expenditure Bank Account

19. (1) There shall be opened and operated at the Central Bank of Kenya, a special purpose account for the purposes of defraying expenditure and facilitating disbursements under the Health Facility Improvement Financing framework in accordance with the Public Finance Management Act, 2012.

(2) The County Executive Committee Member responsible for finance shall prescribe the manner in which the account shall be operated, in accordance with the Public Finance Management Act, 2012.

(3) With respect to level four and level Five hospitals, each facility shall maintain its own special purpose account which will be held at Central Bank of Kenya.

(4) With respect to health centres, dispensaries and Public Health Units there shall be maintained a consolidated special purpose account at Central Bank of Kenya into which all monies received from such facilities will be remitted for purposes of defraying expenditure and facilitating disbursements under the Health Facility Improvement Financing framework.

(5) With respect to the special purpose account in sub-section (3), mandatory signatories to the bank accounts shall be the Hospital-InCharge and the Hospital Administrator.

(6) With respect to the consolidated special purpose account in subsection (4) above, the mandatory Signatories to the account shall be the Chief Officer in charge of matters relating to finance and the Chief Officer in-charge of matters relating to health.

Authority to Incur Expenditure

20. (1) The Chief Officer shall be the accounting officer.

(2) The entities will identify their needs and submit their requests to the County Expenditure Committee.

(3) Costing of the requirements will be established and requests evaluated by the County Expenditure Committee based on available funds or revenues.

(4) Entities through the facility-in-charge or Public Health Officer will submit the costed work plan for consideration by the Expenditure Committee.

(5) Upon consideration, of the costed work plan, the Expenditure Committee will recommend the budgets with or without amendments as

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necessary, signed copies of the minutes will then be forwarded to the Chief Officer for the issuance of the Authority to Incur Expense.

Expenditure of the Health Facility Improvement Financing

21. (1) Upon issuance of Authority to Incur Expenditure to the AIE holder, the entities 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 Public Finance Management Act, 2012 regulations.

(3) Integrated Financial Management System shall be used as the primary accounting platform for the county Entities.

(4) All county Entities shall not expend 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 appoint accountants for entities for purposes of proper financial accounting and record keeping.

(6) The expenditure incurred by county 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 or account in the prescribed format for the preceding quarter to the office of the Chief Officer before a new Authority to Incur Expenses is issued.

Audit

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 balance in an account 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 Facility Improvement Financing is to be wound up, the balances shall be

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transferred to the County Revenue Fund and a certificate sent to the
Accounting officer for the Department of Finance.

PART V— MISCELLANEOUS PROVISIONS

Transitional Provisions

25. (1) Any member of a Hospital Committee and Health Facility Management Committee before coming to effect of this Act shall be deemed to be in service until the end of their term.

(2) Any legislations enacted in regards to matters relating Facility Improvement Financing prior to commencement of this Act shall be deemed to have been amended by this Act.

Penalties

26. The penalties stipulated in the Public Finance Management Act and the Public Procurement and Asset Disposal Act and other written laws on misuse, misappropriation and other deviations shall apply.

Regulations

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