

Health Facilities Improvement Financing



Public Health Facilities Improvement Financing

What is it?

The Facilities Improvement Financing Act, 2023 provides for public health facility improvement financing; the management and administration of facility improvement financing. The Act applies from level 1 to 5 health facilities.

Why the FIF Act Matters?

- It empowers public health facilities with financial independence. That is, allowed to manage all monies raised or received by the facility.
- It is applicable across all the counties, hence there is no need for each county to enact their own Act for financial management in county public health facilities.
- It devolves facility level governance system by providing for appointments of local citizens into facility decisions making organs.
- It integrates public health facilities into the government annual planning and budgeting cycle.
- It provides for opportunities to monitor and report on implementation statuses in each public health facility.

The following are some of the key provisions that each citizen should pay attention to:

1. Retention of the monies raised

- All monies raised or received by a health facility in each financial year should be retained at facility level.
- Retained monies or incomes should be considered as a supplement to the budget and resources appropriated to the health facility by county government and not a substitute.

2. Sources of the public health facilities improvement financing

The following are sources of revenue for public health facilities:

- Own source incomes such as user fees, charges and monies paid as reimbursement for services including from insurance firms.

- Money appropriated by County government.
- Conditional grants
- Donations and gifts.

3. Uses of the finances retained by public health facilities

According to the Act, finances retained by health facility should be used to:

- Support operations of the health facility.
- Purchase and acquire urgent goods and services for use in facility.
- Procurement of essential products, commodities and technologies.
- Facilitate promotive and preventive primary health care services at community level.
- Fund ambulance services for the transfer of patients from one facility to another.

4. Management and administration of the facility improvement financing

The following structures have a role in the management and administration of the facility improvement financing:

A. The County Government Major Roles

- Facilitating collection and retention of facility improvement financing revenue.
- Collating and reporting on all facility improvement financing revenue collected.
- Implementing the policies that will ensure direct complementary funding for all public health facilities.
- Reviewing and approving expenditure plans.
- Overseeing health facilities for prudence management and use of the funds.
- Planning and budgeting to ensure integration for facility improvement financing into the county planning and budgeting processes.
- Appointing and gazettement of each hospital board, health center and dispensary Management Committee members.

B. The County Health Management Team (CHMT)

The CHMT is appointed by the County Executive Member for Health and has the following members:

- County director of health – Chairperson.

- Administrative officer, county health department – Secretary.
- All section or unit heads within the health department.
- Medical superintendents of county hospitals.

C. Major Roles of the CHMT in relation to Facility Improvement financing.

- Overseeing implementation of health laws, policies, and standards.
- Supporting sub-county management teams and facility
- Reviewing and approving facility plans and financial reports.
- Supervising county health facilities.
- Developing alternative income sources.
- Setting waiver criteria for indigent patients.
- Ensuring fair deployment of health workers.
- Promoting effective information flow.
- Ensuring facilities are adequately resourced.

D. Sub County Health Management Team (SCHMT)

The SCHMT should be established in each sub county in a county and appointed by County Executive Committee member for Health as follows:

- Health officer in charge of the sub-county.
- Sub county administrative officer.
- All unit's head within the sub county health department.
- Medical superintendents of sub county hospitals.
- Any other officer that the CECM Health may appoint in consultation with CHMT.

E. Key Functions of the Sub County Health Management Team relating to FIF

- Assisting facility teams in preparing operational plans, budgets, and procurement plans.
- Reviewing, consolidating, and submitting these plans and budgets to the CHMT for approval.
- Ensuring financial reports are accurate and submitted on time.

F. The Hospital Management Team

Each hospital should have a hospital management team comprising of the following:

- Medical superintendent.

- Hospital administrator.
- Hospital accountant.
- Hospital procurement officer.
- Hospital departmental heads.

G. Function of the hospital management team in relation to the FIF

- Prepare and present annual hospital workplans and budgets
- Prepare monthly, quarterly and annual financing reports
- Monitor the performance of FIF and other funds within the facility
- Ensure external audit are undertaken periodically

H. Health Facility Management Team

- Should be established in each dispensary and health centre.
- Should comprise of facility in charges and all section or unit heads.
- Main function is to oversee the overall management of the facility in collaboration with Health Facility Management Committee

I. The health facility management committee

Each dispensary and health center should establish an HFMC. The committee should consist of 7 to 9 members, appointed by the county executive committee member for health.

The members are:

- Facility in-charge (ex officio and secretary).
- Sub-county Medical Officer of Health or their representative.
- A village representative.
- A local resident nominated by women's organizations.
- A local resident nominated by youth organizations.
- A local resident nominated by faith-based organizations.
- Two representatives for vulnerable and marginalized communities, including one person with a disability.

J. Chairperson

Chairperson of the Committee should be elected from amongst the members of the Committee.

K. Mandatory requirements in appointing committee members

County Executive Committee Member, Health is required to ensure that:

- At least one third of the total membership of the Committee is from the opposite gender.
- Membership includes persons from marginalized communities.
- The interests of diverse groups in the catchment area are represented.

L. Role of the Health Facility Management committee in relation to FIF:

- Submitting and approving annual and quarterly work plans and budgets.
- Ensuring budgets align with available resources.
- Monitoring FIF utilization and ensuring financial procedures comply with regulations.
- Ensuring procurement compliance.
- Promoting public participation in budgeting.
- Managing audit reports and implementing recommendations from relevant authorities.
- Linking the facility with the community to improve health service delivery.

M. Term of office and conditions of appointment

- Committee members are appointed for a term of three years and are eligible for reappointment for one further term of three years.
- Expiry of the term for each respective member should fall at different dates.

5. Bank account for the facility improvement fund.

- Each health facility must operate a bank account for the FIF.
- In hospitals, the mandatory signatories are the hospital superintendent and the administrator.
- In health centers and dispensaries, the signatories are the facility in-charge and the sub-county accountant.
- The Chief Officer serves as the accounting officer for the FIF.
- Authority to Incur Expenditure (AIE) is granted by the Chief Officer to the hospital superintendent and facility in-charge.

6. Expenditure of the facility improvement fund

- Raised vouchers should be presented to the County Department for Health Accountant for confirmation and approval.

- Approved vouchers are reverted back to the Medical Superintendent or facility in charge for initiation of payment.
- The Chief officer for the County Treasury in consultation with responsible for the health Chief Officer can consider appointing accountants for health centers and dispensaries for purposes of proper financial accounting and record keeping.

7. Annual reporting.

In 3 months after the end of each financial year, the accounting officer of the dispensary, health centre and county hospital is required to submit facility's financial statement to:

- the Auditor General.
- the Controller of Budget and,
- the Commission on Revenue Allocation.

8. Audit

Facility improvement funds shall be audited in accordance to the Public Audit Act.

9. The Penalties

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 applies.

10. Enaction of legislation by County government

County government are allowed to enact legislation that can further improve management and administration of facility improvement financing.

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