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**THE PUBLIC FINANCE MANAGEMENT (PUBLIC
OFFICERS MEDICAL SCHEME FUND) REGULATIONS**

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Public Finance Management Act

The Public Finance Management (Public Officers Medical Scheme Fund) Regulations

Legal Notice 195 of 2024

Legislation as at 27 December 2024

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The Public Finance Management (Public Officers Medical Scheme Fund) Regulations (Legal Notice 195 of 2024)

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PUBLIC FINANCE MANAGEMENT ACT

THE PUBLIC FINANCE MANAGEMENT (PUBLIC OFFICERS MEDICAL SCHEME FUND) REGULATIONS

LEGAL NOTICE 195 OF 2024

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Part I — PRELIMINARY

1. Citation

These Regulations may be cited as the Public Finance Management (Public Officers Medical Scheme Fund) Regulations, 2024.

2. Interpretation

In these Regulations, unless the context otherwise requires—

“**Act**” means the Public Finance Management Act ([Cap. 412A](#));

“**Administrator of the Fund**” means the person designated as such under regulation [12\(1\)](#);

“**Board**” means the Board of the Social Health Authority established under section 7 of the Social Health Insurance Act (No. 16 of 2023);

“**Fund**” means the Public Officers Medical Scheme Fund established by regulation [4](#);

“**healthcare services**” has the meaning assigned to it under the Health Act ([Cap. 241](#));

“**Office of the Attorney-General**” means the Office of the Attorney-General established by Article 156 of the Constitution;

“**public officer**” means an officer—

- (a) appointed by the Public Service Commission to serve in a Ministry or State Department;
- (b) appointed to serve in the Office of the Attorney-General; or
- (c) appointed by any other public service entity including county governments, Commissions, Service, state corporations, or any other public service entity that opts to make payments to the Fund for the medical benefits of its officers.

“**Public Service Commission**” means the Public Service Commission established by Article 233 of the Constitution;

“Social Health Authority” means the Social Health Authority established under section 4 of the Social Health Insurance Act (No. 16 of 2023).

3. Object of the Regulations

The object of these Regulations shall be to provide a framework for the administration and management of a medical scheme for public officers.

Part II – THE PUBLIC OFFICERS MEDICAL SCHEME FUND

4. Establishment of the Fund

There is established a Fund to be known as the Public Officers Medical Scheme Fund.

5. Purpose of the Fund

The purpose of the Fund shall be to—

- (a) finance the provision of a medical Scheme for public officers; and
- (b) facilitate expenses approved by the Administrator of the Fund to promote the objects for which the Fund was established.

6. Sources of funds

The Fund shall consist of—

- (a) the amount of money appropriated by the National Assembly;
- (b) contribution made by the Ministry responsible for public service and any other employer who has opted to contribute to the Scheme out of money payable to public officers as medical benefits; and
- (c) grants and donations.

7. Initial capital of the Fund

The Fund's initial capital shall be the amount of money appropriated by the National Assembly to the Ministry responsible for public service for medical benefits to public officers in the financial year 2024/2025.

8. Payments out of the Fund

- (1) There shall be paid out of the Fund moneys to the Social Health Authority in respect of medical claims and other expenses incurred in pursuance of the objects and purposes for which the Fund is established.
- (2) The payments out of the Fund for administrative expenses shall only be based on annual work plans and cost estimates which the Administrator of the Fund shall prepare at the beginning of the financial year to which they relate.
- (3) Any revision of the approved annual work plan and any cost estimates shall be submitted to the Board for advice before the revised annual work plan is implemented.

9. Retention of funds

The earnings or accruals to the Fund shall be retained in the Fund and shall be spent only for the purposes for which the Fund is established.

Part III – ADMINISTRATION AND MANAGEMENT OF THE FUND

10. Board of the Fund

- (1) The Board of the Social Health Authority, constituted under section 7 of the Social Health Insurance Act (No. 16 of 2023), shall oversee the administration and management of the Fund.

- (2) The functions of the Board with regard to this Fund shall be to—
 - (a) oversee the administration of the Fund;
 - (b) consider, review, and approve estimates of revenues and expenditures of the Fund and recommend them to the Cabinet Secretary responsible for public service for approval;
 - (c) approve policies to guide the administration of the Fund;
 - (d) approve opening and closing of bank accounts of the Fund in accordance with the Act;
 - (e) consider, review, and approve the quarterly financial and non-financial reports of the Fund prepared in accordance with the Act;
 - (f) consider, review, and approve the annual financial and non-financial statements of the Fund prepared in accordance with the Act in the format prescribed by the Public Sector Accounting Standards Board for submission to the Auditor-General with a copy to the National Treasury, Commission on Revenue Allocation and Controller of Budget;
 - (g) advise the Administrator of the Fund on proper administration of the Fund;
 - (h) facilitate and develop sectoral linkages to the Fund; and
 - (i) advise the Cabinet Secretary responsible for public service on the funding requirements of the Fund.
- (2) The Board shall conduct its business and affairs in the manner provided under section 10 of the Social Health Insurance Act (No. 16 of 2023).

11. Committee

- (1) For the purpose of this Fund, there is established a Committee to advise the Board on the administration and management of the Fund which shall consist of—
 - (a) four representatives of the Ministry responsible for Public Service;
 - (b) four representatives of the Social Health Authority who shall be from the unit responsible for the management of the Fund and the associated benefits package;
 - (c) a representative of the Ministry responsible for finance;
 - (d) a representative of the Office of the Attorney-General; and
 - (e) two persons nominated by the Union of Kenya Civil Servants.
- (2) The Committee shall—
 - (a) monitor the implementation of the contract entered into pursuant to these regulation;
 - (b) monitor, review, and implement the guidelines on excess loss under the contract;
 - (c) undertake the review of the performance of the medical Scheme on a quarterly basis;
 - (d) identify challenges in the implementation of the Scheme and make recommendations to the Administrator of the Fund to improve the efficiency and effectiveness of the Scheme;
 - (e) plan, oversee, and participate in the sensitization of public officers and other stakeholders;
 - (f) plan, oversee, and participate in monitoring, evaluation, and reporting of the activities of the Scheme;
 - (g) plan, oversee, and participate in experiential learning to improve the Scheme's efficiency and effectiveness;
 - (h) receive and review the Scheme's utilization reports every quarter from the Administrator;

- (i) review the list of healthcare providers and the facilities contracted by the Authority and make recommendations to the Administrator;
- (j) develop and oversee the implementation of the work plan of the Scheme;
- (k) ensure that customer satisfaction survey is undertaken satisfactorily; and
- (l) perform such other as may be assigned by the Cabinet Secretary responsible for public service.

12. Administrator of the Fund

- (1) Pursuant to section 24(5) of the Act, the Chief Executive Officer of the Social Health Authority is designated as the Administrator of the Fund.
- (2) The Administrator of the Fund shall—
 - (a) develop predictable, transparent, and accountable financial internal control systems for the Fund;
 - (b) prepare estimates of annual revenue and expenditure of the Fund and submit them to the Board for advice before adoption;
 - (c) establish proper systems of control and oversight in accordance with the provisions of the Act;
 - (d) consult the Board on matters relating to the administration of the Fund;
 - (e) prepare a non-financial performance report of the Fund and submit it to the Board for adoption;
 - (f) be the custodian of the property, assets, and equipment of the Fund;
 - (g) keep or cause to be kept proper books of accounts and other books and records relating to the Fund; and
 - (h) prepare, sign, and transmit to the Auditor-General in respect of each financial year and within three months after the end of the financial year, a statement of account relating to the Fund in such form as the Public Sector Accounting Standards Board established under the Act may prescribe.
- (3) The Administrator of the Fund shall comply with the government budget cycle in the preparation of the estimates for the Fund.
- (4) Upon approval by the Board, the Administrator of the Fund shall submit estimates of revenue and expenditure to the Cabinet Secretary responsible for public service by the 31st January of each financial year for approval.

13. Secretariat of the Fund

- (1) The Social Health Authority shall deploy its staff to support the functions of the Administrator of the Fund.
- (2) The Administrator of the Fund may assign duties to the staff with respect to the administration and management of the Fund.

14. Contracting

- (1) Before the commencement of every financial year the Ministry responsible for public service or any other employer who has opted to contribute to the Fund shall enter into a contract with the Social Health Authority to provide healthcare services to public officers.

- (2) The contract under sub regulation (1) shall provide for the following—
 - (a) the amount to be paid into the Fund;
 - (b) the number of public officers and their dependents who are eligible to benefit from the Scheme;
 - (c) a benefits package equivalent or higher to the Comprehensive Medical Insurance Scheme for Civil Servants accessed by Civil Servants immediately before the commencement of these Regulations;
 - (d) access rules; and
 - (e) any other matter that relates to the Fund or the Scheme.
- (3) The Social Health Authority and the Ministry responsible for public service and any other employer who has opted to contribute to the Fund shall sensitize the public officers on the benefits and access rules under a contract signed under sub-regulation (1).

Part V – FINANCIAL PROVISIONS

15. Financial year

The financial year of the Fund shall be the period of twelve months commencing on the first of July in each year and ending on the thirtieth of June.

16. Bank accounts of the Fund

- (1) The Administrator of the Fund shall cause bank accounts in the name of the Fund to be maintained in a bank regulated by the Central Bank of Kenya in accordance with the Act.
- (2) All moneys payable to the Fund shall be paid into the bank accounts of the Fund.
- (3) The Fund's bank accounts shall be operated by the Administrator of the Fund and three other persons nominated by the Board.
- (4) The Fund's bank accounts shall be submitted to the Auditor-General within three months after the end of each financial year in accordance with the Act and the Public Audit Act ([Cap. 412B](#)).

17. Overdrawn accounts

The Administrator of the Fund shall ensure that the bank accounts of the Fund are not overdrawn.

18. Expenditure and commitments of the Fund

The Administrator of the Fund shall ensure that in any financial year, the expenditure and commitments of the Fund shall not exceed the annual income of the Fund together with any surplus income brought forward from the previous year.

19. Withdrawals from the Fund

- (1) Withdrawal from the Fund shall only be to promote the objects for which the Fund is established.
- (2) The records of expenditure relating to the Fund shall be kept and maintained in accordance with the Act and Regulations made thereunder.

20. Annual estimates

- (1) At least three months before the commencement of each financial year, the Board shall cause to be prepared estimates of the revenue and expenditure of the Fund for that year.
- (2) The annual estimates shall make provision for the estimated revenues and expenditures of the Fund for the financial year and, in particular, the estimates shall provide for—
 - (a) revenues projected to be received by the Fund from the sources of funds provided for under these Regulations; and
 - (b) moneys for the administrative expenses of the Fund.
- (3) The annual estimates shall be approved by the Board before the commencement of the financial year to which they relate and shall be submitted to the Cabinet Secretary responsible for public service and the Cabinet Secretary responsible for finance for approval.

21. Annual reports

The Administrator of the Fund shall prepare annual financial and non-financial reports in accordance with the format prescribed by the Public Sector Accounting Standards Board and submit them to the Board for consideration and advice.

22. Records of the Fund

- (1) The Administrator of the Fund shall cause to be kept all proper books and records of account of the income, expenditure, assets, liabilities, equipment, and properties of the Fund.
- (2) Within three months from the end of each financial year, the Administrator of the Fund shall submit to the Board the accounts of the Fund together with—
 - (a) a statement of the income and expenditure of the Fund during the financial year; and
 - (b) a statement of the assets and liabilities of the Fund on the last day of that financial year.
- (3) The financial statements prepared under sub regulation (2) shall be prepared in accordance with the format prescribed by the Public Sector Accounting Standards Board.

23. Financial and procurement regulation

The Fund shall be governed by all relevant financial and procurement laws and Regulations as applicable.

Part VI – MISCELLANEOUS PROVISIONS

24. Administrative expenses

The administrative expenses of the Fund shall not exceed three percent of the approved budget of each financial year.

25. Review of the performance of the Fund

- (1) The Board shall, at the end of every financial year cause a review to be undertaken on the performance of the Fund.
- (2) The review under sub regulation (1) shall be to determine whether the Fund has met the objectives for which the Fund was established.
- (3) The report on the review of the Fund shall be submitted to the Cabinet Secretary responsible for public service and the Administrator of the Fund for consideration and further guidance.

26. Winding up of the Fund

- (1) The winding up of the Fund shall be in accordance with the provisions of the Public Finance Management (National Government) Regulations, 2015 (L.N. 34/2015).
- (2) On winding up of the Fund—
 - (a) the Administrator of the Fund shall pay any amount remaining in the Fund into the National Exchequer Account for the credit of the national government; and
 - (b) the Cabinet Secretary responsible for finance shall pay any deficit in the Fund from the funds of the national government in the National Exchequer Account with the approval of the National Assembly.
- (3) The Cabinet Secretary responsible for finance shall submit a final statement of accounts to the National Assembly and the Auditor-General for audit within six months from the date of the decision to wind up the Fund.