



LEGAL NOTICE NO.

THE PUBLIC FINANCE MANAGEMENT ACT
(Cap 412A)

**THE PUBLIC FINANCE MANAGEMENT (PRISONS ENTERPRISE FUND)
REGULATIONS, 2025**

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LEGAL NOTICE NO.

THE PUBLIC FINANCE MANAGEMENT ACT
(Cap 412A)

IN EXERCISE of the powers conferred by section 24(4) of the Public Finance Management Act, the Cabinet Secretary to the National Treasury and Economic Planning makes the following Regulations —

THE PUBLIC FINANCE MANAGEMENT (PRISONS ENTERPRISE FUND) REGULATIONS, 2025

PART I — PRELIMINARY

Citation. 1. These Regulations may be cited as the Public Finance Management (Prisons Enterprise Fund) Regulations, 2025.

Interpretation. 2. In these Regulations, unless the context otherwise requires—

Cap 412A “Act” means the Public Finance Management Act;

 “Administrator” means the person designated as the Administrator of the Fund under regulation 17;

 “Accounting Officer” has the meaning assigned to it under section 2 of the Act;

 “Board” means the Board of the Fund established under regulation 10;

 “Cabinet Secretary” has the meaning assigned to it under section 2 of the Act;

 “Fund” means the Prisons Enterprise Fund established under regulation 4;

 “Public Sector Accounting Standards” has the meaning assigned to it under section 2 of the Act;

Cap 90. “prisoner” has the meaning assigned to it under section 2 of the Prisons Act;

“prison” means a prison established or deemed to have been established under section 24 of the Prisons Act;

“prison enterprise” means any economic activity undertaken by the prison as approved by the Board;

“vocational training programme” means...

Purpose of these Regulations.

3. The purpose of these Regulations is to provide a framework for the management and administration of the operations of the Prisons Enterprise Fund.

PART II — ESTABLISHMENT OF THE PRISONS ENTERPRISE FUND

Establishment of the Prisons Enterprise Fund.

4. There is established a fund to be known as the Prisons Enterprise Fund.

Purpose of the Fund.

5. (1) The object and purpose of the Fund shall be to provide funds to support the development and operations of the prison enterprises.

(2) Without prejudice to the generality of sub-regulation (1), the Fund shall—

- (a) facilitate the provision of funds for the development and implementation of training and rehabilitation programs for prisoners;
- (b) facilitate the development of the prison enterprises;
- (c) fund the purchase and maintenance of prison enterprises equipment and machinery;
- (d) facilitate the provision of strategic marketing initiatives for products and services from prison enterprise;
- (e) facilitate the development of human capital resource through capacity building of prison enterprises staff;
- (f) fund any other relevant activities in the furtherance of the objects for which the Fund was established.

Sources of funds.

6. The Fund shall consist of—

- (a) monies appropriated by Parliament for

purposes of the Fund;

- (b) income generated from prison enterprises;
- (c) income generated from investments made by the Fund;
- (d) grants, donations, bequests or other gifts made to the Fund; and
- (e) monies from any other lawful source approved by the Cabinet Secretary.

Initial capital of the Fund.

7. The initial capital of the Fund shall be four billion shillings appropriated by Parliament in accordance with the Act.

Payments out of the Fund.

8. (1) There shall be paid out of the Fund—

- (a) monies derived by prisoners under the prisoners vocational training programme;
- (b) monies in respect of administrative expenses incurred in the furtherance of the objects and purposes for which the Fund is established;
- (c) payments in respect of other relevant expenses incurred in pursuance of the object and purpose for which the Fund is established.

(2) The payments made under sub-regulation (1) shall be on the basis of the approved annual budget of the Fund in the financial year to which they relate.

Withdrawals from the Fund.

9. Any withdrawal from the Fund shall only be for the purposes of payments envisaged under regulation 8 of these Regulations.

PART III — MANAGEMENT OF THE FUND

The Board of the Fund.

10. (1) The Fund shall be managed by a Board which shall consist—

- (a) the Principal Secretary in the Ministry responsible for correctional services who shall be the Chairperson;
- (b) the Principal Secretary to the National Treasury or his or her representative;

- (c) the Principal Secretary in the Ministry responsible for matters relating to industry or his or her representative;
- (d) the Principal Secretary in the Ministry responsible for matters relating to agriculture or his or her representative;
- (e) the Principal Secretary in the Ministry responsible for matters relating to vocational training or his or her representative;
- (f) the Commissioner General of Prisons;
- (g) the head of the Probation and Aftercare Service;
- (h) two other persons, not being public officers, appointed by the Cabinet Secretary responsible for matters relating to correctional services of whom—
 - (i) one shall have knowledge and experience of at least ten years in matters relating to industry and manufacturing;
 - (ii) one shall have knowledge and experience of at least ten years in matters relating to agriculture; and
- (i) the Chief Executive officer who shall be an *ex-officio* member and the secretary to the Board.

(2) In the appointment of the members of the Board, the nominating or appointing authority shall ensure that the membership reflects gender and regional balance and an appropriate mix of skills and competencies required to achieve the functions of the Board.

Functions of the Board.

11. The functions of the Board shall be—

- (a) to formulate policies and guidelines for the regulation and management of the Fund;
- (b) in liaison with other relevant government state departments and agencies, to continuously seek opportunities by the Government of Kenya and determine the allocation of financial resources from the Fund as required;

- (c) to approve annual estimates of revenue and expenditure for the Fund for each financial year;
- (d) to review and approve the financial statements and non-financial reports prepared by the Administrator of the Fund before submissions to the Auditor General;
- (e) to approve and review investment of surplus funds from the Fund with the concurrence of the Cabinet Secretary;
- (f) to monitor and evaluate, by means of technical, financial and performance audits, the delivery of goods, works and services funded by the Fund;
- (g) to review and approve policy on the management of assets, equipment and all properties under the Fund;
- (h) to mobilise resources for the Fund;
- (i) to approve the opening and closing of bank accounts of the Fund by the Administrator;
- (j) to advise the Cabinet Secretary responsible for matters relating correctional services on the operations of the Fund;
- (k) to undertake other activities that promote and facilitate the realization of the objects and purposes of the Fund.

Tenure of office.

12. The members of the Board appointed under regulation 10(1)(g) shall hold office for a term of three years.

Vacancy in the board.

13. The office of a member of the Board appointed under regulation 10(1)(g) shall become vacant if the holder—

- (a) dies;
- (b) is absent from three consecutive meetings of the Board without reasonable cause;
- (c) resigns from office by notice in writing addressed to the Cabinet Secretary;

- (d) is unable to perform the functions of the office arising out of physical or mental infirmity;
- (e) is adjudged or otherwise declared bankrupt under any law in force in Kenya;
- (f) violates Chapter Six of the Constitution; or
- (g) is convicted of a criminal offence and sentenced to imprisonment for a term of not less than six months.

Chief Executive Officer
of the Board.

14. (1) There shall be a Chief Executive Officer of the Fund who shall be competitively recruited by the Board and appointed by the Cabinet Secretary responsible for matters relating to correctional services.

(2) The Chief Executive Officer shall be appointed on such terms and conditions as may be determined by the Cabinet Secretary responsible for matters relating to correctional services in consultation with the Cabinet Secretary and the Salaries and Remuneration Commission.

(3) Upon shortlisting and interviewing qualified persons for the position of the Chief Executive Officer, the Board shall recommend three qualified persons from whom one shall be appointed as the Chief Executive Officer.

Qualifications of the
Chief Executive Officer.

15. (1) A person qualifies to be appointed as the Chief Executive Officer if that person—

- (a) is a Kenyan citizen;
- (b) holds at least a degree in a business-related field from a university recognized in Kenya;
- (c) has at least ten years relevant professional experience;
- (d) has at least 5 years' experience in a leadership position at senior management level in a public service or private sector organization; and
- (e) meets the requirement of leadership and integrity as provided for in Chapter Six of the Constitution of Kenya

(2) A person is not qualified to be appointed as the

Chief Executive Officer if that person—

- (a) is a member of any legislature in Kenya;
- (b) holds any other state office or public office;
- (c) has been adjudged bankrupt by a court of competent jurisdiction;
- (d) is a member of the governing body of a political party;
- (e) is convicted of an offence the penalty of which is imprisonment for a term of at least six months without the possibility of a fine;
- (f) has violated any provision of the Constitution; or
- (g) has been removed from any public office because of a conviction for an offence or violation of the Constitution.

Tenure of office of the
Chief Executive Officer.

16. (1) The Chief Executive Officer shall hold office for a term of three years and shall, upon satisfactory performance, be eligible for reappointment for one further and final term of three years.

Administrator of the
Fund.

17. (1) The Chief Executive Officer shall be the Administrator of the Fund.

(2) The functions of the administrator of the Fund shall be to—

- (a) supervise and control the administration of the Fund;
- (b) open and operate such bank accounts with the approval of the Board and the National Treasury;
- (c) prepare estimates of annual revenue and expenditure of the Fund and submit to the Board for approval;
- (d) prepare, sign and transmit to the Auditor-General, in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund;

- (e) establish proper systems of internal control and management in accordance with the provisions of the Act and these Regulations;
- (f) advise and consult the Board on matters relating to the administration of the Fund;
- (g) keep proper books of accounts and other books and records relating to the Fund;
- (h) be custodian of the Funds' assets, equipment and properties under the Fund;
- (i) prepare financial and non-financial performance report of the Fund and submit it to the Board for approval;
- (j) prepare quarterly reports on the receipts into and issues out of the Fund;
- (k) develop, with the approval of the Board, the operational and strategic documents of the Fund including strategic plans, annual budget and workplans, communication materials, and operation manuals; and
- (l) undertake any other duty as the Board may assign in the furtherance of the objects for which the Fund is established.

Secretariat of the Fund.

18. (1) There shall be a Secretariat of the Fund which shall provide secretariat support services to the operations of the Fund.

(2) The staff of the Secretariat shall consist of—

- (a) the Chief Executive Officer who shall be the head of the Secretariat;
- (b) the officer in-charge of matters related to prison farms within the State Department responsible for matters related to correctional services;
- (c) the officer in-charge of matters related to prison industries within the State Department responsible for matters related to correctional services;
- (d) professional, technical and administrative

officers and support staff competitively recruited by the Board and appointed by the Cabinet Secretary responsible for matters relating to correctional services in consultation with the Public Service Commission;

- (e) prisons officers deployed by the Kenya Prisons Service; and
- (f) upon the request of the Fund, public officers deployed by the Ministry responsible for matters relating to correctional services in consultation with the Public Service Commission.

PART IV – FINANCIAL PROVISIONS

Bank accounts for the Fund.

19. (1) The Administrator of the Fund shall cause bank accounts in the name of the Fund to be opened and maintained for the Fund in a bank regulated by the Central Bank of Kenya in accordance with the Act.

(2) Any money payable into the Fund shall be paid into the bank account of the Fund.

(3) The Fund's account shall be operated by the Administrator of the Fund and such other persons designated by the Board from amongst the staff of the Secretariat.

(4) The bank accounts of the Fund shall be submitted to the Auditor-General within three months after the end of each financial year in accordance with the Public Audit Act.

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Fund not to be overdrawn.

20. The Administrator of the Fund shall ensure that no bank accounts of the Fund are overdrawn.

Administrative expenses.

21. The administrative expenses of the Fund shall not exceed three per centum of the Fund's latest audited financial statement.

Financial year.

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

Investment of surplus funds.

23. The Administrator may, with the approval of the Cabinet Secretary to the National Treasury, invest any surplus funds of the Fund in accordance with the Act.

Advances.

24. (1) If, in exceptional circumstances, the income

from the Fund together with any surplus income brought forward from a previous year is insufficient to meet the actual or estimated liabilities of the Fund, the Cabinet Secretary to the National Treasury may, with the approval of National Assembly, may make advances to the Fund and such advances shall be made on such terms and conditions, whether as to repayment or otherwise, as the Cabinet Secretary may determine, but any such advance shall be repaid from the income of the Fund.

(2) The Board shall ensure that in any financial year expenditure and commitments from the Fund shall not exceed the annual income of the Fund together with any surplus income brought forward from a previous year.

Retention of receipts and earnings.

25. All receipts, earnings and accruals to the Fund, and the balance of the Fund at the close of each financial year shall be retained by the Fund for the purposes of the Fund.

Annual estimates.

26. (1) At least six months before the commencement of each financial year, the Administrator of the Fund 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 all estimated revenue and expenditure from 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;
- (b) expenses in furtherance of the objects and purpose of the Fund;
- (c) monies for the administrative expenses of the Fund including—
 - (i) the payment of salaries, allowances and other charges in respect of the staff of the Secretariat;
 - (ii) the payment of pensions, gratuities and other charges in respect of the staff Fund, where applicable; and
 - (iii) the proper maintenance of the office assets, equipment and properties under

the Fund.

(3) The annual estimates shall be approved by the Board before the commencement of the financial year to which they relate.

Books of accounts.

27. (1) The Administrator shall cause to be kept all proper books and records of account of the income, expenditure, assets, equipment and properties of the Fund.

(2) Upon approval, under sub-regulation (1), the Administrator of the Fund shall submit the report to the National Treasury.

(3) Within a period of three months from the end of each financial year, the Administrator shall submit to the Auditor-General with a copy to the National Treasury, Controller of Budget and the Commission for Revenue Allocation 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.

Reports of the Fund.

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

Audit of accounts.

29. The accounts of the Fund shall be audited and reported upon in accordance with the Public Audit Act.

Application of financial and procurement Regulations.

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

Winding up of the Fund.

31. (1) In the case of the winding up of the Fund, the winding up shall be undertaken in accordance with Regulation 209 of the Public Finance Management Act.

(2) Where the Fund is wound up, the cash balances shall be transferred to the Exchequer and the other assets of

the Fund shall be transferred to the national government.

Effect of winding-up of the Fund.

32. (1) On winding up of the Fund in accordance with the Act and Regulations made thereunder—

- (a) the Administrator of the Fund shall compile any valid outstanding obligations and commitments for payment;
- (b) 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;
- (c) the Cabinet Secretary 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; and
- (d) assets, equipment and properties other than cash of the Fund shall be transferred to the Ministry for the time being responsible for matters relating to prisons.

(2) Within three months upon the decision to wind up the Fund, the administrator of the Fund shall prepare final financial and non-financial statements of the Fund and submit them to the Board for approval.

(3) Upon approval under sub-regulation (2), the administrator shall submit the final financial and non-financial statements to the Cabinet Secretary.

(4) The Cabinet Secretary shall submit a final statement of accounts to Parliament and to the Auditor-General for audit within three months from the date of the decision to wind up the Fund.

PART V – MISCELLANEOUS PROVISIONS

Power of the Administrator to access information.

33. The Administrator of the Fund may access any related data on projects and programs funded by the Fund that the Administrator considers necessary for the performance of their functions under this Act.

Protection from personal liability.

34. No matter or thing done by the Chairperson or any member of the Board or any officer, employee or agent of the Fund shall, if the matter or thing is done bona fide for the purpose of executing any provision of these Regulations,

render the chairperson, member, officer, employee or agent or any person acting on their directions, personally liable to any action, claim or demand whatsoever.

Offences.

35. A person who—

- (a) misappropriates any funds or assets of the Fund, or assists or causes any person to misappropriate or apply the funds otherwise than in the manner provided in these Regulations;
- (b) fails to give information or gives inaccurate or misleading information or falsifies information or misrepresents information required under these Regulations; or
- (c) having an official duty or being employed in, or in connection with the administration of these Regulations, fails to deal with all documents, information, returns under these Regulations;
- (d) having possession of, or control over, or access to, any documents, information, returns or forms and communicates anything contained therein—
 - (i) to any person other than a person to whom he is authorized by the Board to communicate it; or
 - (ii) otherwise than for the purposes of these Regulations,

commits an offence and shall be liable on conviction to the penalty provided under section 199 of the Act.

Made on the 30th July,, 2025.



HON. FCPA JOHN MBADING'ONGO, EGH
Cabinet Secretary to the National Treasury and Economic Planning.

THE PUBLIC FINANCE MANAGEMENT ACT
(Cap. 412A)

**THE PUBLIC FINANCE MANAGEMENT (PRISONS FARMS FUND)
(REVOCATION) REGULATIONS, 2025**

Revocation of L.N
No.87 of 1993.

4. The Exchequer and Audit (Prisons Farms Fund) Regulations, 1993 are revoked.

Made on the 30th Sep, 2025.

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HON. FCPA JOHN MBADI NG'ONGO, EGH
Cabinet Secretary to the National Treasury and Economic Planning.



LEGAL NOTICE NO.

THE PUBLIC FINANCE MANAGEMENT ACT
(Cap. 412A)

IN EXERCISE of the powers conferred by section 24(4) of the Public Finance Management Act, the Cabinet Secretary to the National Treasury and Economic Planning makes the following Regulations —

THE PUBLIC FINANCE MANAGEMENT (PRISON INDUSTRIES FUND) (REVOCATION) REGULATIONS, 2025

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| Citation. | 1. These Regulations may be cited as the Public Finance Management (Prison Industries Fund) Regulations, 2025. |
| Winding up.
No. 314 of 1988. | 2. The Prison Industries Fund established under the Exchequer and Audit (Prison Industries Fund) Regulations, 1988 is wound up. |
| Transfer of outstanding amounts.
Cap. 412A. | 3. Any amounts remaining in the Prison Industries Fund shall be paid into the National Exchequer Account for the credit of the National Government in accordance with the Public Finance Management Act. |
| | (2) The Cabinet Secretary shall, with the approval of Parliament, pay any deficit in the Fund from the funds of the National Government in accordance with the Public Finance Management Act. |
| Revocation of L.N No.87 of 1993. | 4. The Exchequer and Audit (Prisons Industries Fund) Regulations, 1993 are revoked. |

Made on the 30th July, 2025.

HON. FCPA JOHN MBADIA NG'ONGO, EGH
Cabinet Secretary to the National Treasury and Economic Planning.

