

Paper laid on
12th February 2019 by
Majority Party
Leader

SPECIAL ISSUE

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LEGAL NOTICE NO. 5

PUBLIC FINANCE MANAGEMENT ACT

(No. 18 of 2012)

IN EXERCISE of the powers conferred by section 116 of the Public Finance Management Act, 2012, the County Executive Committee Member for Finance and Economic Planning makes the following Regulations—

THE PUBLIC FINANCE MANAGEMENT (KIAMBU COUNTY ASSEMBLY (STAFF) MOTOR VEHICLE LOAN SCHEME FUND) REGULATIONS, 2018

PART I—PRELIMINARY

Citation

1. These Regulations may be cited as the Public Finance Management (Kiambu County Assembly (Staff) Motor Vehicle Loan Scheme Fund) Regulations, 2018.

Interpretation

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

“board” means the County Assembly Service Board;

“check off system” means a system where the salary of a member of the scheme is deducted every month by the officer administering the Fund or the Payroll Manager for the payment of the Loan granted under these regulations;

“committee” means the Motor Vehicle Loans Management Committee established under Regulation 7;

“county assembly” means the County Assembly of Kiambu;

“financial year” means the period of twelve months ending on the 30th of June of each year;

“fund” means the Kiambu County Assembly Staff Motor Vehicle Loan Scheme Fund established under Regulation 3;

“officer administering the Fund” means the Clerk of the County Assembly of Kiambu;

“member of the scheme” means a member of staff employed on a permanent and pensionable basis;

“valuer” means a person registered as a valuer under the Valuers Act (Cap.532).

Establishment of the Fund

3. (1) There is established the County Assembly of Kiambu (Staff) Motor Vehicle Loan Scheme Fund.

(2) The Fund shall be maintained in a separate account opened in accordance with the Public Finance Management Act, 2012.

Purpose of the Fund

4. The object and purpose of the Fund is to provide loans to the members of the scheme for the purchase of a motor vehicle.

Capital of the Fund

5. (1) The initial Capital of the Fund shall be such amount as may be appropriated by the County Assembly.

(2) The County Assembly may appropriate more monies to the Fund from time to time as need arise.

Eligibility

6. A person shall be eligible for a loan from the Fund if he or she is a member of the scheme and not more than two-thirds of his or her salary is committed.

The Motor Vehicle Loans Management Committee

7. (1) There is established a committee to be known as the Motor Vehicle Loans Management Committee which shall consist of –

- (a) the head of human resources in the County Assembly;
- (b) the head of finance in the County Assembly;
- (c) the Deputy Clerk;
- (d) the head of legal services; and
- (e) two members of the scheme nominated by other members of the Scheme.

(2) The meetings of the Committee shall be convened by the chairperson or in the absence of the chairperson, by a member designated by the chairperson and shall be convened at such times as may be necessary for the discharge of the Committee's functions.

(3) The quorum for a meeting of the Committee shall be the chairperson and any two members.

Meetings of the Committee

8. (1) The Committee shall consider and may approve the loan applications presented by the officer administering the Fund.

(2) The Officer administering the Fund shall be an *ex officio* Member.

(3) The Meetings of the Committee shall be convened by the Chairperson and in his or her absence a member designated by him.

(4) The meetings of the committee shall be convened at such times as may be necessary for the discharge of its functions.

Functions of the Committee

9. The functions of the Committee shall be to –

- (a) prepare and analyze reports on loans for submission to the officer administering the Fund;
- (b) consider and approve loan applications;
- (c) advise the officer administering the Fund on any additional funds that may be required for the fund.

Application for a Loan

10. (1) A person may apply for a loan to the officer administering the Fund.

(2) A loan granted under these Regulations shall be based on the borrower's ability to repay, shall not exceed the maximum loan threshold set out in the Schedule, and shall be repaid by check-off system.

Officer Administering the Fund

11. The Fund shall be administered by the Clerk of the County Assembly.

Utilization of loan monies

12. A loan obtained under these Regulations shall be used for the purchase of a motor vehicle by the applicant.

Conditions for disbursement of funds

13. (1) A loan approved under regulation 8 shall be released from the Fund to the applicant taking into account the security of the fund.

(2) The log book of a vehicle subject to a loan from the fund shall be issued jointly between the Board and the member of the scheme and shall be kept in the custody of the officer administering the Fund until the loan is repaid in full.

Temporary release of log-book

14. (1) A log-book kept in custody by the Officer Administering the Fund may be temporarily released to a member of the Scheme upon application in writing to the Officer Administering the Fund for purposes of renewal by that member of the necessary licences.

(2) A log-book released under paragraph (1) shall be returned to the Officer Administering the Fund within seven working days from the date of such release.

(3) The Officer Administering the Fund shall acknowledge receipt of the log-book in writing.

Loan amount

15. The Loan amount that a member of the Scheme may receive from the Fund shall be the value of the vehicle that he or she proposes to purchase subject to the maximum amount prescribed by the Salaries and Remuneration Commission and the Schedule.

Interest rate

16. (1) The interest chargeable on a loan shall be three per centum per annum on a monthly reducing balance.

(2) The interest charged under paragraph (1) shall be utilized to defray the administrative expenses of the Fund.

Duration and termination of the scheme

17. (1) A loan granted to a member of the scheme shall be fully repaid within a maximum period of five years.

(2) Where a member of the scheme leaves the County Assembly service for whatever reason other than disciplinary grounds, the terms of the loan remains in force and does not change for the life of the loan unless in cases of default in which case it reverts to commercial terms.

Insurance

18. (1) A member of the Scheme shall take a comprehensive insurance cover for the vehicle purchased through a loan from the Fund with a reputable insurance company.

(2) Every loan granted under these Regulations shall be insured for the benefit of the member of the scheme and shall be debited to the account of the member of the scheme.

Loan discharge

19. (1) Upon full repayment of the loan, a signed loan discharge certificate in such form as may be prescribed by the Committee shall be issued to the member of the scheme.

(2) The loan discharge certificate shall release the member of the scheme from any further financial obligation in respect of the loan and shall act as sufficient authority to remove the Caveat on the vehicle pursuant to Regulation 13.

Functions of the officer administering the fund

20. The officer administering the fund shall —

- (a) Supervise and control the administration of the Fund;
- (b) Keep all legal documents relating to the Fund;
- (c) Cause to be kept books of account and other books and records in relation to the fund;
- (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, specifying the income of the Fund and showing the expenditure incurred from the Fund, in such details as may be required in accordance with the Public Finance Management Act;
- (e) Furnish such additional information as maybe required for the purpose of examination and audit by the auditor general;
- (f) Designate and appoint such staff as maybe necessary to assist him or her in the administration of the Fund;
- (g) Prepare and submit quarterly reports on the Fund to the Board.

Audit of the Fund

21. The Fund shall be audited by the Auditor General.

Amendment of Regulations

22. The Committee may from time to time recommend to the County Executive Committee Member for Finance to make any amendment to these Regulations.

SCHEDULE

BENEFICIARIES	THRESHOLD
Civil Service Grades S,T,U and Equivalent grades in Public Service	Up to KSh. 4 Million
Civil Service Grades P,Q,R and Equivalent grades in Public Service	Up to KSh. 3 Million
Civil Service Grades K,L,M,N and Equivalent grades in Public Service	Up to KSh.1.5 Million
Civil Service Grades G,H,J and Equivalent grades in Public Service	Up to KSh. 800,000/-
Civil Service Grades A,B,C,D,E,F and Equivalent grades in Public Service	Up to KSh. 600,000/-

Made on the 14th December, 2018.