

**LEGAL NOTICE NO.....**

**PUBLIC FINANCE MANAGEMENT ACT  
(No. 18 of 2012)**

**KIRINYAGA COUNTY**

IN EXERCISE of the powers conferred by Section 116 of the Public Finance Management Act, 2012, the County Executive Committee Member for Finance makes the following Regulations –

**PUBLIC FINANCE MANAGEMENT (KIRINYAGA COUNTY CAR LOAN SCHEME FUND) REGULATIONS, 2015**

**PART I- PRELIMINARY**

Citation.               **1.** These Regulations may be cited as the Public Finance (Kirinyaga County Car Loan Scheme Fund) Regulations, 2015.

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

“borrower” means a person in receipt of a loan out of the Fund;

“Committee” means the Car Loan Scheme Fund Advisory Committee established under regulation 6;

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

“Fund” means the Kirinyaga County Car Loan Scheme Fund established under Regulation 3;

“hire purchase agreement” means an agreement for the bailment of goods under which the bailee may buy the goods or under which the property in the goods will or may pass to the bailee;

“member of the scheme” means a Member of County staff

“officer administering the Fund” means the Officer appointed under Section 116 (2) Public Finance Management Act

“County Staff” means employees of the executive arm of the county government who are permanent and pensionable and those employed on contract terms ;

“valuer” means a person registered as a motor vehicle valuer preferably the Automobile Association of Kenya .

Establishment of the Fund.           **3.** There is established a Fund to be known as the Kirinyaga County Car Loan Scheme Fund in accordance with the provisions of the Public Finance Management Act 2012.

Purpose of the Fund.           **4.** The object and purpose of the Fund shall be to provide for:

- (i) A loan scheme for the purchase of vehicles by members of the Scheme.
- (ii) Refinancing of an existing car loan facility

Capital of the Fund.           **5.** (1) The initial capital of the Fund shall consist of the monies contained in the relevant County Appropriation Act

(2) County Assembly may appropriate additional monies to the Fund.

The Advisory Committee of the Fund.           **6.** (1) There is established a committee to be known as the County Staff Car Loan Scheme Fund Advisory Committee which shall consist of the following members:

- (a) The County Executive Committee member for Finance who shall be the Chairperson;
- (b) The County Executive Committee member in charge of Transport;
- (c) The Chief Officer in charge of Finance
- (d) The County Secretary or his nominee
- (e) The County Executive Committee member for Health

(2) The officer administering the Fund shall be an *ex-officio* member of the Committee and the secretary to the Committee and shall be appointed in accordance with the Public Finance Management Act 2012

(3) The Advisory Committee shall be supported by a secretariat consisting of the following officers:

- (a) Director of Administration
- (b) County Attorney
- (c) County Treasury Nominee nominated by Head of the County Treasury
- (d) County Treasury Nominee nominated by the Head of the County Treasury

(4) 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.

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

(6) The County Executive Committee member may recommend to the Committee to appoint in accordance with the Public Procurement & Disposal Act 2005, a mortgage financial institution to administer the Fund

(7) Where a financial institution is appointed under section 6 above to administer the Fund, the institution shall

- (a) operate individual accounts for each borrower, and provide details of recoveries of the loan;
- (b) charge security on motor vehicle acquired through loans from the Fund and act as a custodian of such charges;
- (c) transfer funds for newly approved loans to borrowers after the necessary documentation is provided;
- (d) pay all outgoings and issue demand notices to defaulting borrowers through the officer administering the Fund;
- (e) upon repayment of the loan, interest and other expenses which may be outstanding, discharge the charge and release the security documents to the borrower; and

perform such other duties as may be assigned from time to time.

Application  
for loan.

**7.** (1) A member of the Scheme who wishes to apply for a loan from the Fund shall make such application to the officer administering the Fund by presenting a hire purchase proposal form in such manner as the Committee may prescribe.

(2) The officer administering the Fund shall satisfy himself of the applicant's financial status and capacity to repay the loan applied for in accordance with the laid down requirements and where so satisfied shall forward the application to the Committee for consideration.

(3) If the Committee approves the application, the applicant shall enter into a hire purchase agreement in such form as the Committee may prescribe.

Utilization of loan monies. **8.** (1) A loan obtained under these Regulations shall be utilized for the purchase of a motor vehicle for personal use by the applicant.

(2) A member of the Scheme who, prior to the commencement of these Regulations had purchased a motor vehicle stipulated under Sub-regulation 4 (2) on loan from a financial institution, may apply for loan under these Regulations to offset any remaining balance or to have the loan transferred from the financial institution to the loan scheme under these Regulations.

Conditions for disbursement of funds. **9.** (1) A loan approved under Regulation 7 shall be released from the Fund in such manner, taking into account the security of the funds, as may be prescribed by the Advisory Committee.

(2) The log-book of a vehicle subject to a loan from the Fund shall be issued jointly between the loan committee 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 by the member of the Scheme.

Loan amount. **10.** (1) The loan amount that a member of the Scheme may receive shall be based on the approved amounts set by the Salaries Remuneration Commission (SRC).

(2) For the purpose of these Regulations, the value of a new vehicle shall be as quoted on the invoice from the supplier whereas the value of a used vehicle shall be as determined by a report from a valuation institution approved by the Government of Kenya, or the Government department dealing with such matters or any such valuer as may be approved by the Board.

Interest rate. **11.** (1) The interest payable on a loan granted under these regulations shall not exceed four per centum per annum inclusive of management and administrative costs on a monthly reducing balance.

(2) The interest charged under sub-regulation (1) shall be credited to the capital of the Fund as a revolving fund.

Repayment of loan. **12.** A loan advanced under these Regulations shall be repaid in full over a maximum period prescribed by the Salaries Remuneration Commission (SRC).

Insurance. **13.** (1) A member of the Scheme shall

comprehensively insure any vehicle purchased through the Scheme with an approved insurer by the Advisory Committee.

(2) Where a member of the Scheme is unable to raise the funds required for the initial insurance premium, such funds may be advanced from the Fund subject to an approved limit, but subsequently annual premiums shall be paid by the member of the Scheme.

Loan  
discharge.

**14.** (1) Upon full payment of the loan, a signed loan discharge certificate and a duly signed transfer form in such forms as may be prescribed by the committee shall be issued to the member of the Scheme and a copy thereof shall be forwarded to the Registrar of Motor Vehicles.

(2) The loan discharge certificates 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 9.

Administration  
of the Fund.

**15.** (1) The officer administering the Fund shall in accordance with the relevant provisions of the Public Finance Management Act 2012-

(a) supervise and control the administration of the Fund;

(b) utilize the interest accruing thereto to defray operating expenses, and may impose any reasonable restriction or other requirements concerning such use;

(c) cause to be kept books of accounts and other books and records in relation to the Fund and for all loans financed from the Fund;

(d) prepare, sign and transmit to the Auditor-General in respect of each financial year and within three (3) months after the end thereof, a statement of accounts relating to the Fund, prepared and signed by him specifying the income of the Fund and showing the expenditure incurred from the Fund, in such details as the Board may from time to time direct in accordance with the Public Finance Management Act;

(e) furnish such additional information as may be required for the purpose of examination and audit by the Auditor-General; and

(f) designate and appoint such staff as may be necessary to assist him in the administration of the Fund and may require such staff to carry out such inspections as may be necessary to verify any information submitted under these Regulations.

(2) Every statement of account prepared under this regulation shall include details of the balances between the assets and liabilities of the Fund and shall indicate the financial status of the Fund as at the end of the financial year concerned.

#### **SCHEDULE**

<b>BENEFICIARIES</b>	<b>THRESHOLD</b>
County Governor	Up to Kshs.10 Million
Deputy County Governor	Up to Kshs. 5 Million
Civil Service Grades S,T,U and Equivalent grades in Public Service	Up to Kshs. 4 Million
Civil Service Grades P,Q,R and Equivalent grades in Public Service	Up to Kshs.3 Million
Civil Service Grades K,L,M,N and Equivalent grades in Public Service	Up to Kshs.1.5 Million
Civil Service Grades G,H,J and Equivalent grades in Public Service	Up to Kshs.800,000
Civil Service Grades A,B,C,D,E,F and Equivalent grades in Public Service	Up to Kshs. 600,000

Dated the ....., 2015.

**MURIMI MURAGE**  
County Executive Committee Member & Head of the County Treasury