LEGAL NOTICE NO. 3

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

MERU COUNTY EXECUTIVE STAFF CAR LOAN FUND REGULATIONS, 2015

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Regulation

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THE 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, with the approval of the County Executive Committee and the County Assembly makes the following Regulations—

MERU COUNTY EXECUTIVE STAFF CAR LOAN FUND REGULATIONS, 2015

PART I—PRELIMINARY

1. These Regulations may be cited as the Meru County Executive Staff Car Loan Fund Regulations, 2015.

2. In these Regulations, unless the context otherwise requires—
   "Board" means Meru County Public Service Board;
   "borrower" means a person in receipt of a loan out of the Fund;
   "Committee" means the Car Loan Management Committee established under regulation 6;
   "financial year" means the period of twelve months ending on the 30th June in each year;
   "Fund" means the Meru County Executive Staff Car Loan Fund established under Regulation 3;
   "Government" means the County Government of Meru;
   "Loan Agreement" means an agreement between the Fund and a member of staff;
   "member of Staff" means an employee of the Meru County Public Service Board;
   "officer administering the Fund" means the County Secretary of Meru County;
   "valuer" means a person registered as a valuer under the Valuers Act (Cap. 532).

PART II — ESTABLISHMENT OF THE FUND

3. There is established a fund to be known as the Meru County Executive Staff Car Loan Fund.

4. The object and purpose of the Fund shall be to provide loans for the purchase of vehicles by members of Staff.

5. The Capital of the Fund shall consist of—
   (a) monies appropriated by the Government;
   (b) income generated from the proceeds of the Fund; and
   (c) grants and donations;
PART III — THE CAR LOANS MANAGEMENT COMMITTEE

6. (1) There is established a committee to be known as the County Executive Staff Members Car Loans Management Committee, which shall consist of—

(a) one member of the Board nominated by resolution of the Board who shall be the Chairperson;

(b) the County Secretary who shall be the fund administrator;

(c) county Chief Officer for finance who shall be the accounting officer; and

(d) county director in charge of human resource who shall be the secretary to the committee and ex officio member.

7. Pursuant to section 116(2) of the Public Finance Management Act, 2012 the County Secretary shall be the designated officer for administering the Fund.

8. The Committee may appoint such staff to attend its meetings as may be deemed necessary.

9. The meetings of the Committee shall be convened by the Chairperson at such times as may be necessary for the discharge of the Committee’s functions.

10. The quorum for a meeting of the Committee shall be the Chairperson and any two members.

PART IV — ADMINISTRATION OF THE FUND

11. (1) A member of Staff who wishes to apply for a loan from the Fund shall make such application to the officer administering the Fund by presenting a 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) The Committee shall consider and may approve the loan applications presented by the officer administering the Fund.

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

12. (1) A loan approved under regulation 11 shall be released from the Fund in such manner, taking into account the security of the funds, as may be prescribed by the Committee.

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

13. (1) 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 the
body known as the Automobile Association of Kenya, or the Government department dealing with such matters or any such valuer as may be approved by the Committee.

(2) Notwithstanding the provisions of paragraph (1), there may be advanced from the Fund to a member of Staff an additional loan not exceeding ten per cent of the value of the vehicle purchased by the member of Staff to cater for an overhaul of the engine of the vehicle.

(3) a used car should be able to attract comprehensive insurance cover.

14. (1) A loan granted to a member of Staff under these Regulations shall carry an interest rate of three per cent per annum on a reducing balance for the duration of the loan.

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

15. A loan advanced under these Regulations shall be repaid in full over a maximum period of five years irrespective of whether the vehicle purchased is new or used.

16. (1) A member of Staff shall comprehensively insure any vehicle purchased through the Fund with an insurer approved by the Committee or the financial institution.

(2) Where a member of Staff 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 Staff.

(3) A member of Staff who is unable to pay the subsequent annual premiums referred to in paragraph (2) may apply to the Car Loan Management Committee for a further loan which shall be repaid within a period of one year.

(4) Without prejudice to sub-clause (3) above where a borrower defaults in repayment of the loan for a period of four consecutive months the committee shall repossess and sell the vehicle to another deserving member or employee provided that the committee shall serve 90 days’ notice to the member to regularize the arrears and in default face repossession.

(5) Every loan granted under these regulations shall be insured for the benefit of the member of Staff and the premium in respect thereof shall be debited to the account of the member of Staff.

17. (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 Staff and a copy thereof shall be forwarded to the Registrar of Motor Vehicles.

(2) The loan discharge certificates shall release the member of Staff 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 12.
18. (1) The officer administering the Fund shall—

(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) pursuant to section 116 (7) (b) of the Public Finance Management Act, 2012 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 Committee may from time to time direct; and

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

(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.

(3) All monies of the Fund shall be paid into an account operated by the officer administering the Fund.

19. The officer administering the fund and the Committee may, if they consider it appropriate to do so, appoint a financial institution to administer the Fund on behalf of the Committee subject to the Salaries and Remuneration Commission guidelines.

PART V—MISCELLANEOUS

20. Any person who contravenes any provision of these regulations or any notice, or order made under any of them, for which no penalty has been prescribed, commits an offence under these Regulations and shall upon conviction be liable to a fine not exceeding one million shillings or to imprisonment for a term not exceeding one year, or to both.

21. Subject to these Regulations, the Committee may issue guidelines on such other matters as may be necessary for the proper management and administration of the Fund.

Dated the 27th November, 2015.

MUTHOMI J. KIRERA,

County Executive Committee Member for Finance.