

**THE LOCAL AUTHORITIES TRANSFER FUND ACT, 1998**

**No. 8 of 1998**

*Date of Assent: 31st December, 1998.*

*Date of Commencement: By Notice*

**ARRANGEMENT OF SECTIONS**

*Section*

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**An Act of Parliament to provide for the establishment of a Local Authorities Transfer Fund, to provide for the sources, purposes and the administration of the Fund and for matters incidental thereto**

ENACTED by the Parliament of Kenya as follows:-

Short title and  
commencement.

1. This Act may be cited as the Local Authorities Transfer Fund Act, 1998 and shall come into operation on such date as the Minister may, by notice in the Gazette, appoint.

Interpretation.

2. In this Act, unless the context otherwise requires -

"Advisory Committee" means the Advisory Committee appointed under section 8;

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

"Fund" means the Local Authorities Transfer Fund established under section 3;

Cap. 265.

"local authority" has the meaning assigned to it in section 2 of the Local Government Act;

"Minister" means the Minister for the time being responsible for matters relating to finance;

"officer administering the Fund" means the accounting officer of the Ministry for the time being responsible for matters relating to local authorities or an officer deputed in writing for that purpose pursuant to the provisions of section 3.

Establishment of  
Fund.

3. There is established a Fund to be known as the Local Authorities Transfer Fund which shall be administered by the accounting officer of the Ministry for the time being responsible for matters relating to local

authorities, or an officer of the rank of Deputy Secretary or above deputed by the Permanent Secretary to the Treasury in writing.

4. The object and purpose of the Fund shall be to facilitate the disbursement of the funds specified under section 5 to local authorities to supplement the financing of the services and facilities they are required to provide under the Local Government Act.

Object and purpose of the Fund.

Cap. 265.

5.(1) The initial capital of the Fund shall be five per cent of all tax collected under the Income Tax Act during the 1998/99 financial year.

Sources of the Fund.  
Cap. 470.

(2) There shall be paid into the Fund in subsequent financial years, five per cent of all tax collected under the Income Tax Act in that year or such other proportion of the said tax as the Minister may, with the approval of the National Assembly, from time to time, specify.

(3) The Treasury shall open a special account for the Fund into which all funds payable into the fund pursuant to this section shall be credited.

6.(1) There shall be paid out of the Fund to local authorities, such amounts and in such manner as the Minister, on the advice of the Committee, may specify.

Payments out of the Fund.

(2) The cost of administering the Fund shall not be charged to the Fund but shall form a charge against the respective vote of the Ministry for the time being responsible for matters relating to local authorities.

7.(1) All receipts, savings and accruals of the Fund

Surplus funds.

and the balance of the Fund at the close of each financial year shall not be paid into the Consolidated Fund but shall be retained for the purpose for which the Fund is established and any deficiency realised in any year shall, subject to the approval of the Treasury, be off-set against the realised surplus.

Advisory  
Committee.

8. There shall be an Advisory Committee to advise the Minister generally on the operations of the Fund which shall consist of -

(a) a chairman, not being a public officer, appointed by the Minister;

(b) the officer administering the Fund;

(c) the Director of Fiscal and Monetary Affairs in the Ministry of Finance or his representative;

(d) the Director of Budgetary Supplies in the Ministry of Finance, or his representative;

(e) the Accountant-General of the Ministry of Finance or his representative;

(f) three persons appointed by the Permanent Secretary in the Ministry for the time being responsible for local authorities;

(g) three persons, not being public officers, appointed by the Minister, in consultation with the Minister for the time being responsible for local authorities, by virtue of their knowledge or experience in matters relating to the development, financial or legal affairs of local authorities.

**9.** The officer administering the Fund shall -

Powers and  
functions of the  
O f f i c e r  
administering  
the Fund.

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

(b) cause to be kept all proper books of accounts and other records relating to the Fund and to the various facilities and services financed from the Fund; and

(c) prepare, sign and transmit to the Controller and Auditor-General, in respect of each financial year and within four months after the end thereof, a statement of accounts relating to the Fund specifying the income to the Fund and showing the expenditure incurred out of the Fund, in such detail and with such additional information as he may deem proper and sufficient for the purpose of examination and audit by the Controller and Auditor-General in accordance with section 18(2) of the Exchequer and Audit Act and every statement of account shall include details of the balance between the assets and the liabilities of the Fund and reflect the true and fair financial status of the Fund as at the end of the financial year concerned.

Cap. 412.

**10.** The Minister may, in consultation with the Minister for the time being responsible for matters relating to local authorities, make regulations generally for the better carrying out of the provisions of this Act and in particular but without prejudice to the generality of the foregoing, such regulations may provide for -

Regulations.

(a) the criteria for the disbursement of monies from the Fund to the various local authorities;

(b) the procedure for appointment of the members of the Advisory Committee to be appointed under paragraphs (f) and (g) of section 8;

(c) the meetings and procedure of the Advisory Committee.