LEGAL NOTICE NO. 3

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 Member for Finance makes the following Regulations—

THE PUBLIC FINANCE MANAGEMENT (BOMET COUNTY EXECUTIVE COMMITTEE CAR LOAN (MEMBERS) SCHEME FUND) REGULATIONS, 2014

Citation
1. These Regulations may be cited as the Public Finance (Bomet County Executive Committee Car Loan (Members) Scheme Fund) Regulations, 2014.

Interpretation
2. In these Regulations, unless the context otherwise requires—
   “Committee” means the Loans 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 Bomet County Executive Committee Car Loan Scheme Fund established under the 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 Bomet County Executive Committee including the County Attorney and the County Secretary; and
   “Officer administering the Fund” means the County Secretary.

Establishment of the Fund
3. There is established a fund to be known as the Bomet County Executive Committee Car Loan Scheme Fund.
Object and Purpose of the Fund

4. The object and purpose of the Fund shall be to provide a loan scheme for the purchase of vehicles by members of the Scheme.

Initial capital

5. (1) The initial capital of the Fund shall consist of the monies advanced or appropriated and standing to the credit of the account on the date of the coming into operation of these Regulations.

(2) The County Assembly may appropriate additional monies to the Fund. (3) The Fund shall be administered as a special account in the County Fund and shall be operated by the officer administering the Fund.

The Loans Management Committee

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

(a) the Deputy Governor who shall be the chairperson;
(b) the County Executive Committee member for Finance who shall be the vice-chairperson;
(c) the County Attorney;
(d) the County Secretary;
(e) the Chief Finance Officer; and
(f) the Director responsible for administration.

(2) The officer administering the Fund shall be an ex-officio member of the Committee and the secretary to the Committee.

(3) The meetings of the Committee shall be convened by the chairperson or in the absence of the chairperson, the vice chairperson and shall be convened at such times as may be necessary for the discharge of the Committee’s functions.

(4) The quorum for meetings of the Committee shall be the chairperson and any three members.

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

Operation of the Fund

7. (1) A member of the Scheme who wishes to apply for a loan from the Fund shall present to the officer administering the Fund a duly completed hire purchase proposal form in such form as the Management Committee may prescribe.
(2) The officer administering the Fund shall, before presenting the application, satisfy himself of the applicant’s financial status and capacity to repay the loan applied for 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.

**Conditions for Disbursement of Funds**

8. (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 Committee.

(2) The log-book of a vehicle subject to a loan from the Fund shall be issued jointly between the County Government of Bomet 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.

**Temporary Release of Log-book**

9. (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**

10. (1) The loan amount that a member of the Scheme may receive shall be the value of the vehicle that the member of the Scheme proposes to purchase subject to the maximum amount of two million shillings.

(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.

(3) No member of the Scheme shall receive a loan the repayment of which shall result in salary deductions exceeding thirty per cent of the monthly emoluments of the member of the Scheme.
Interest Rate

11. (1) A loan granted to a member of the Scheme under these Regulations shall carry an interest rate of three per cent per annum.

(2) The interest charged under paragraph (1) shall be credited to the capital fund as a revolving fund.

Repayment Period

12. A loan advanced under these Regulations shall be repaid in full over the period of service of a member, but in any case within a period of sixty months irrespective of whether the vehicle purchased is new or used.

Insurance

13. (1) A member of the Scheme shall comprehensively insure a vehicle purchased through the Scheme.

(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.

(3) A member of the Scheme who is unable to pay the subsequent annual premiums referred to in paragraph (2) may apply to the fund for a loan which shall be repaid within a period of one year (1) year.

(4) Every loan granted under these Regulations shall be insured for the benefit of the member of the Scheme and the premium in respect thereof shall be debited to the account of the member of the Fund.

Loan Discharge

14. (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 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 8.

Administration of the Fund

15. (1) The officer administering the Fund—

(a) shall supervise and control the administration of the Fund;
(b) may impose conditions on the use of any moneys in the Fund and may also impose any reasonable restriction or other requirement concerning such use;

(c) shall 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) shall 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;

(e) shall furnish such additional information as he may deem to be proper and sufficient for the purpose of examination and audit by the Controller of Budget and 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, in such details as the committee may from time to time direct in accordance with the Public Finance Management Act.

Appointment of Financial Institution

16. Notwithstanding regulation 5(3) or 6(2) the Board may, if it considers it appropriate to do so, appoint a financial institution to administer the fund on its behalf.

Made on the 27th day of November, 2014.

DAVID CHERUIYOT
County Executive Member for Finance