



SPECIAL ISSUE

Kenya Gazette Supplement No. 6

1
11th October, 2022

(Embu County Legislative Supplement No. 2)

LEGAL NOTICE NO. 2

PUBLIC FINANCE MANAGEMENT ACT

(No. 18 of 2012)

**THE PUBLIC FINANCE MANAGEMENT (COUNTY ASSEMBLY OF EMBU) CAR
AND MORTGAGE LOAN (MEMBERS) SCHEME FUND) REGULATIONS, 2022**

ARRANGEMENT OF REGULATIONS

Regulation

PART I-- PRELIMINARY

- 1—Citation.
- 2—Interpretation.
- 3—Establishment of the Fund.
- 4—Purpose of the Fund.
- 5—Capital of the Fund.
- 6—Establishment of the Loan Management Committee.
- 7—Other staff.
- 8—Meetings of the Committee.
- 9—Quorum.
- 10—Application for Loan.
- 11—Utilization of Loan monies.
- 12—Conditions for disbursement of Fund .
- 13—Loan amount.
- 14—Interest rate.
- 15—Repayment of loan.
- 16—Insurance.
- 17—Loan discharge.
- 18—Administration of the Fund.
- 19—Default in repayment.
- 20—Committee Guidelines.
- 21—Transition and Repeal of L.N 1/2019.

SCHEDULE

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

THE PUBLIC FINANCE MANAGEMENT (COUNTY ASSEMBLY OF EMBU) CAR
AND MORTGAGE LOAN (MEMBERS) SCHEME FUND) REGULATIONS, 2022

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—

PART I--PRELIMINARY

Citation

1. These Regulations may be cited as the Public Finance Management (County Assembly of Embu) Car Loan and Mortgage (Members) Scheme Fund) Regulations, 2022.

Interpretation

2. . In these Regulations, unless the context otherwise requires—
- “Board” means County Assembly Service Board of Embu;
- “Borrower” means a person in receipt of a loan out of the Fund;
- “Committee” means the Members Car Loan and Mortgage Scheme Management Committee established under Regulation 6;
- “Clerk” means Clerk of the County Assembly of Embu;
- “County” means Embu County;
- “County Assembly” means the County Assembly of Embu;
- “Financial year” means the period of twelve months ending on the 30th June in each year;
- “Fund” means the County Assembly of Embu Car Loan and Mortgage Members Scheme Fund established under Regulation 3;
- “Loan Agreement” means an agreement between the Committee and a member of the Scheme;
- “Member of the Scheme” means Member of the County Assembly of Embu and Members of the Board appointed under section 12(3)(d) of the County Governments Act, 2012; and
- “property” means a car or house purchased or developed through a loan from the Fund and includes the land purchased under loan from the Fund on which such house is situate.

Establishment of the Fund

3. There is established a Fund to be known as County Assembly of Embu Car Loan and Mortgage (Members) Scheme Fund.

Purpose of the Fund

4. The object and purpose of the Fund shall be to provide for a loan scheme for the purchase of vehicles and/ or development, renovation or purchase of houses by members of the Scheme.

Capital of the Fund

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

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

Establishment and composition of the Loans Management Committee

6. (1) There is established a Committee to be known as the Members Car Loan and Mortgage Scheme Management Committee.

(2) The Committee consists of—

- (a) the vice- chairperson of the Board who shall be the chairperson;
- (b) a vice chairperson elected from the members appointed under paragraph (c);
- (c) ten other members of the County Assembly appointed by the County Assembly;
- (d) County Executive Committee Member for Finance or his or her representative; and
- (e) the Clerk of the County Assembly who shall be the secretary of the Committee and Fund Administrator.

(3) The Committee shall administer the Fund and shall—

- (a) consider the advisory of the County Assembly Management Advisory Committee on the applications for loans; and
- (b) approve and process applications for loans in accordance with the existing terms and conditions of borrowing.

Other staff

7. The County Assembly Management Advisory Committee shall offer secretariat services to the Committee in carrying out day-to-day running of the Fund.

Meetings of the Committee

8. 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.

Quorum

9. The quorum for a meeting of the Committee shall be the Chairperson and any three members.

Application for loan

10. (1) A member of the Scheme who wishes to apply for a loan from the Fund shall make such application to the Committee through the Clerk by presenting a form in such manner as the Committee may prescribe.

(2) The Clerk shall forward the application to the County Assembly Management Advisory Committee which shall satisfy itself of the applicant's financial status and capacity to repay the loan applied for in accordance with the laid down requirements and advice the Committee accordingly.

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

Utilization of loan monies

11. A loan obtained under these Regulations shall be utilized for the purchase of a motor vehicle or development, purchase or renovation of property for use by the applicant or applicant's immediate family.

Conditions for disbursement of funds

12. A loan approved under Regulation 10 shall be released from the Fund in such manner, taking into account the security of the funds, as may be prescribed by the Committee.

Loan amount

13. The maximum car loan and mortgage each beneficiary shall be eligible to, is as set out in the Schedule to these Regulations or as may be determined by the Salaries and Remuneration Commission, from time to time.

Interest rate

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

(2) The interest charged under paragraph (1) shall be utilized as follows —

- (a) one percent to defray the administrative expenses of the Committee;
- (b) one percent to defray other administrative costs; and
- (c) one percent to be ploughed back to the Fund.

Repayment of loan

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

Provided that the repayment period of the loan shall not exceed the last three months of the end of the contract of employment of the member of the Scheme.

Insurance

16.(1) A member of the Scheme shall insure the vehicle purchased through the Scheme and also take out and maintain a mortgage protection policy with an insurance firm for the property acquired through the loan from the Fund.

(2) 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.

Loan discharge

17. (1) Upon full payment of the loan, a signed loan discharge certificate 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 release the security on the vehicle and the property pursuant to Regulation 12.

Administration of the Fund

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) prepare, sign and transmit to the Board through the Clerk and 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 in accordance with the Public Finance Management Act; 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 Committee.

(4) In addition to provision of Regulation 18(1) the Committee shall prepare quarterly reports and submit to the Board through the Clerk, on the management and general administration of the Fund.

(5) Notwithstanding the provisions of these Regulations, the Board may, with the concurrence of the Committee utilize monies from the Fund to facilitate and pay to any other related revolving Fund in the County Assembly:

Provided that the Board shall ensure the Fund is fully furnished at the start of every County Assembly term.

Default in repayment

19. The Board may call in a loan and in default recover from the security offered where the borrower is in breach of the terms under the loan agreement and these Regulations.

Committee guidelines

20. (1) These Regulations shall be supplemented by such terms as may, from time to time, be detailed in the application form supplied by the Committee.

(2) Subject to these Regulations, the Committee may in consultation with the Board issue guidelines on such other matters as may be necessary for the proper management and administration of the Fund.

Transition and Repeal of L.N 1/2019

21. (1) The Public Finance Management (County Assembly of Embu) Car Loan and Mortgage (Members) Scheme Fund) Regulations, 2019 is repealed.

(2) All the funds and other assets, rights, obligations, contracts, agreements, powers and liabilities which immediately before the coming into force of these Regulations were vested in or imposed on or enforceable against the funds repealed by paragraph (1) shall, by virtue of this paragraph, be vested in, imposed on or enforceable against the Fund.

(3) The committees appointed under the Funds repealed by paragraph (1) shall be deemed to have been appointed under these Regulations and shall continue to operate as such.

SCHEDULE
(Regulation 13)

LOAN THRESHOLD FOR MEMBERS OF THE SCHEME		
<i>Beneficiary</i>	<i>Maximum Car Loan (KSh.)</i>	<i>Maximum Mortgage (KSh.)</i>
Speaker of the County Assembly	Up to KSh. 4 Million	Up to KSh. 20 Million
Members of the County Assembly	Up to KSh.2 Million	Up to KSh.3 Million
Members of the County Assembly Service Board appointed under section 12(3) (d) of the County Governments Act, 2012.	Up to KSh.2 Million	Up to KSh.3 Million

Made on the 4th October, 2022.

MARY MERCY WANJA,
*County Executive Committee Member for
Finance and Economic Planning.*