

**RULES AND REGULATIONS FOR THE OPERATIONALISATION OF
THE
KITUI COUNTY ASSEMBLY SERVICE BOARD EMPLOYEES’ CAR LOAN FUNDS
SCHEME.**

KITUI COUNTY ASSEMBLY SERVICE BOARD EMPLOYEES’ CAR LOAN SCHEME

IN EXERCISE of the powers conferred by Section 12 (7) of the County Governments Act 2012 and further in line with Circular Ref. No. SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December 2014; the Kitui County Assembly Service Board makes the following Rules and Regulations for the implementation of the aforementioned Scheme –

PART I- PRELIMINARY

Citation.

1. These Rules and Regulations may be cited as the Kitui County Assembly Service Board Employees’ Scheme Rules and Regulations, 2015.

Interpretation.

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

“Board” means the Kitui County Assembly Service Board;

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

“Committee” means the Loans Management Committee established under regulation 6;

“Commercial Interest rate” means the lowest of the prevailing interest rate offered by most of the commercial financial institutions at the time of the borrower’s defaults or cessation to be an employee of the Kitui County Assembly Service Board.

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

“Scheme” means the Kitui County Assembly Service Board Employees’ Car Loan Funds Scheme established

under Regulation 3;

“Loan Agreement” means an agreement between the Kitui County Assembly Service Board and a member of the scheme;

“member of the Scheme” means, any person who is employed by the Kitui County Assembly Service Board on permanent and pensionable terms on full or part time basis;

“officer administering the Scheme” means the Clerk of the County Assembly;

“Valuer” means a person registered as a valuer under the Valuers Act (Cap. 532).

Establishment of the Scheme.

3. There is established a Scheme to be known as the Kitui County Assembly Service Board Employees’ Car Loan Funds Scheme.

Purpose of the Scheme.

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

Capital of the Scheme.

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

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

The Loans Management Committee.

6. (1) There is established a committee to be known as the Members Car Loan Management Committee, which shall consist of-

(a) One Board Member to represent the board who shall be the chairperson of the committee.

- (b) The Deputy Clerk of the Assembly who shall be the vice –chair person of the committee.
- (c) The Principal Finance Officer.
- (d) The Senior Legal Counsel.
- (e) The Person in-charge of Legislative and procedural Department.
- (f) The Head of Human Resource Department.
- (g) One senior Administrative Officer,

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

(3) The Committee may appoint such other staff to attend its meetings.

(4) The meetings of the Committee shall be convened by the chairperson or in the absence of the chairperson; the vice-chair person or 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 three members.

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

Application for loan.

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

(2) The officer administering the Scheme 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 loan agreement with the Kitui County Assembly Service Board in such form as the Board may prescribe.

Utilization of loan monies.

8. (1) A loan obtained under these Rules and Regulations shall be utilized for the purchase of a motor vehicle for personal or official use by the applicant.

Provided the car purchased by any member of the scheme whether new or old shall not be more than eight years old.

(2) Any member who has an existing car loan with any financial institution shall be allowed to apply for a loan to take over the said existing loan subject to transfer of securities to the Board and the value of the vehicle as per regulation 10(2).

Conditions for disbursement of funds.

9. (1) A loan approved under Regulation 7 shall be released from the Scheme in such manner, taking into account the security of the funds, as may be prescribed by the Board.

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

(3) A borrower shall be required to fit the car with a car tracking system at his or her cost and provide the Board with a certified copy of a certificate thereto.

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 maximums prescribed herein below depending on an employee's job group /Salary scale.

- (a) **Job Group: S, T, U** and equivalent grades in Public Service Kenya Shillings Four Million (KES. 4,000,000/=).
- (b) **Job Group: P, Q, R** and equivalent grades in Public Service Kenya Shillings Three Million (KES. 3,000,000/=).
- (c) **Job Group: K, L, M, N** and equivalent grades in Public Service Kenya Shillings One Million Five Hundred Thousand (KES. 1,500,000/=).

(2) For the purpose of these Rules and 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 Automobile Association of Kenya, or the Government department dealing with such matters or any such valuer as may be approved by the Board. The purchase price for the Car shall be paid directly to the seller.

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

(4) No member of the scheme shall be eligible for more than one loan at time provided that such a member shall become eligible for another loan immediately after repaying the subsisting loan and lapse of five years subject to availability of funds in the scheme.

Interest rate.

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

(2) The interest charged under paragraph (1) shall be utilized to defray the administrative expenses of the Scheme and any other surplus thereby shall be credited into the account of the Scheme.

(3) Any administrative expenses shall be approved by the Board in such terms as the Board shall deem fit.

(4) Any member of the scheme shall continue to pay interest at the rate of three per centum per annum even after leaving public service employment for the life of the loan except upon default where the interest rate shall immediately be converted into commercial rate.

PROVIDED that any member who leaves employment on disciplinary grounds shall have the interest rate converted into commercial interest immediately upon leaving employments for such disciplinary grounds.

Repayment of loan.

12. A loan advanced under these Regulations shall be repaid in full over a maximum 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 any vehicle purchased through the Scheme.

(2) Where a member of the Scheme is unable to raise the funds required for the insurance premium, such funds may be advanced from the Scheme subject to an approved limit as per applicants job group but subsequent annual premiums shall be paid by the member of the Scheme. This loan shall be subjected to an interest of three per centum per annum

(3) Every loan granted under these Regulations shall be insured by the board 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 Scheme.

Loan discharge.

14. (1) A Borrower under the scheme shall be allowed to redeem the car loan early or pay the same in a lump sum and no penalty shall be charged.

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

(3) 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 remove the caveat on the vehicle pursuant to Regulation 9.

Administration of the Scheme.

15. (1) The officer administering the Scheme shall-

(a) supervise and control the administration of the Scheme:

(b) utilize, SUBJECT to the approval of the Board, 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 Scheme and for all loans financed from the Scheme;

(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 Scheme, prepared and signed by him specifying the income of the scheme and showing the expenditure incurred from the Scheme, 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

(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 Scheme as at the end of the financial year concerned.

(3) All monies of the Scheme be paid into an account operated by the officer administering the Scheme which account shall be operated as a revolving account.

(4) Any account operated by the Scheme for the purpose of loan disbursement shall be approved by the Board.

Dated theday of.....2015

SIGN:.....,
The Chairman, Kitui County Assembly Service Board