

By -Laws of Harambee DT Cooperative Savings and Credit Society Ltd - CS. 1916

BY-LAWS

OF

HARAMBEE DT- CO-OPERATIVE SAVINGS

AND CREDIT SOCIETY LIMITED

AMENDED IN

FEBRUARY 2021



**BY LAWS OF HARAMBEE DT- CO-OPERATIVE SAVINGS AND
CREDIT SOCIETY LIMITED CS/NO 1916**

TABLE OF CONTENTS:

1.	NAME AND AREA OF OPERATION.....	4
2.	REGISTERED OFFICE/ POSTAL ADDRESS.....	4
3.	DEFINITIONS AND INTERPRETATIONS AND.....	4-7
4.	QUESTIONS ON INTERPRETATION	7
5	OBJECTS.....	7-8
6.	CO-OPERATIVE PRINCIPLES AND VALUES.....	8-9
7.	VALUES	9
8.	MEMBERSHIP, PARTNERSHIPS & SUBSIDIARIES	9-10
9.	MEMBERSHIP COMPOSITION	10
10.	QUALIFICATION FOR MEMBERSHIP	10-11
11.	APPLICATION FOR MEMBERSHIP.....	11
12.	ADMISSION INTO MEMBERSHIP	11-12
13.	REFUSAL OF ADMISSION TO MEMBERSHIP.....	11
14.	MEMBERS RIGHTS.....	12
15.	MEMBERS OBLIGATIONS	12-13
16.	MEMBER PERSONAL STATEMENT	14
17.	CESSATION OF MEMBERSHIP	14
18.	DISQUALIFICATION OF MEMBERSHIP.....	14-15
19.	SUSPENSION AND EXPULSION OF A MEMBER.....	15
20.	PROCEDURE OF SUSPENSION AND EXPULSION OF A MEMBER.....	15-16
21.	VOLUNTARY WITHDRAWAL FROM SACCO SOCIETY	16
22.	NOTICE OF VOLUNTARY WITHDRAWAL	16
23.	PAYMENT ON TERMINATION OF MEMBERSHIP.....	16-17
24.	NOMINEE	17
25.	PAYMENT TO NOMINEE	18
26.	ADMISSION OF NOMINEE	18
27.	FUNDS OF THE SACCO SOCIETY	18-19
28.	APPLICATION OF FUNDS	19
29.	SHARES	20
30.	TRANSFER OF SHARES.	20
31.	LIABILITY OF MEMBERS.....	20
32.	DEPOSITS	20-21
33.	POWER TO BORROW	21
34.	RECEIPTING OF MONEY	21
35.	PAYMENT AND DISBURSEMENT	21
36.	CAPITAL EXPENDITURE	21
37.	LIQUIDITY MANAGEMENT	22
38.	INVESTMENTS	22
39.	GOVERNANCE OF THE SOCIETY	23

39.1	GOVERNANCE STRUCTURE	23
39.2	ELECTORAL ZONES & BRANCHES.....	23
39.3	ESTABLISHMENT OF ELECTORAL ZONES	23-24
39.4	ELECTORAL ZONE ANNUAL MEETING	24
39.5	FUNCTIONS OF ELECTORAL ZONE ANNUAL MEETING.....	24-25
39.6	ELECTION AND TENURE OF THE DELEGATES	25-26
39.7	ELIGIBILITY OF DELEGATES.....	26-27
39.8.	DUTIES AND RESPONSIBILITIES OF DELEGATES	27-28
39.9	SUSPENSION AND EXPULSION OF DELEGATES	28
39.10	SUSPENSION AND EXPULSION PROCEDURE OF A DELEGATE	29
41.	GENERAL MEETING	29-30
42.	NOTICE OF ANNUAL GENERAL MEETINGS	30
43.	QUORUM AT ANNUAL GENERAL MEETING	30-31
44.	VOTING AT ANNUAL GENERAL MEETING.....	31
45.	ENFORCEMENT OF THE DECISIONS	31
46.	PRESIDING OVER GENERAL MEETINGS	31
47.	IDENTIFICATION OF MEMBERS AND DELEGATES	31
48.	POWERS AND DUTIES OF GENERAL MEETINGS	31-32
49.	RECORD OF BUSINESS	32
50.	ELIGIBILITY FOR MEMBERSHIP TO THE BOARD	32-33
51.(a)	ELECTIONS OF THE SOCIETY.....	34-35
51.(b)	NOMINATION COMMITTEE	35
52.	THE BOARD OF DIRECTORS	36
53.	ELECTION & TENURE OF THE BOARD	36-37
54.	CONDUCT OF BUSINESS	37
55.	BOARD MEETINGS	37-38
56.	RECORDS OF BUSINESS OF THE BOARD	38
57.	DUTIES AND POWERS OF THE BOARD	38-40
58.	EXPENDITURE	40
59.	LEGAL STANDARD OF CARE	40-41
60.	DELEGATION TO EMPLOYEES	41
61.	INDEMNITY	41
62.	DECLARATION OF WEALTH	41
63.	REMOVAL OF A BOARD MEMBER FROM OFFICE	41
64.	SUSPENSION OF A BOARD MEMBER	41-42
65.	BOARD CHAIRMAN AND VICE CHAIRMAN	42
66.	HONORARY SECRETARY	42
67.	TREASURER	42
68.	BOARD COMMITTEES	43
69.	FINANCE, STAFF & ADMINISTRATION COMMITTEE.....	43-45
70.	AUDIT & RISK COMMITTEE.....	45-47
71.	CREDIT COMMITTEE.....	47-49
72.	EDUCATION & GOVERNANCE COMMITTEE.....	49-51
73.	SUPERVISORY COMMITTEE.....	51-53
74.	DUTIES OF SUPERVISORY COMMITTEE	53

75.	SOCIETY EMPLOYEES	53
76.	THE CHIEF EXECUTIVE OFFICER	54-55
77.	BOOKS OF ACCOUNTS AND RECORDS	55-56
78.	POLICIES & PROCEDURES	56-57
79.	CODE OF CONDUCT	57
80.	COMMON SEAL	57
81.	REGULATIONS	57
82.	FINANCIAL YEAR	57
83.	CONFLICT OF INTEREST	57
84.	AUTHORIZATION TO SIGN DOCUMENTS	58
85.	AUDIT OF THE SOCIETY'S BOOKS OF ACCOUNTS	58
86.	DEPOSIT GUARANTEE FUND	58
87.	LOANS TO MEMBERS	59
88.	DISTRIBUTION OF SURPLUS FUNDS	59
89.	FINES	59-60
90.	DISPUTES.....	60
91.	CONFIDENTIALITY BY OFFICERS OF THE SOCIETY	60
92.	ACQUISITION OF BY-LAWS	60-61
93.	MISCELLANEOUS	61
94.	INSPECTION OF DOCUMENTS	61
95.	INQUIRIES AND INSPECTION OF THE SOCIETY	61
96.	SOCIETY'S DEBTS	62
97.	AMENDMENT OF SOCIETY'S BY-LAWS	62
98.	DISSOLUTION OF THE SOCIETY	62
99.	ACCEPTANCE	63

1 NAME AND AREA OF OPERATION

- 1.1 The society shall be called **HARAMBEE DT- CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED DEPOSIT TAKING**, herein after referred to in these by laws as “The Sacco Society” and its area of operation shall be in the Republic of Kenya.

2. REGISTERED OFFICE/ POSTAL ADDRESS

- 2.1 The registered office of the Sacco society shall be at **HARAMBEE CO-OP PLAZA** at the Corner of Haile Selassie Avenue and Uhuru Highway in Nairobi and the postal address shall be **47815-00100 NAIROBI**.
- 2.2 Notice of any change of postal address shall be given to the Commissioner for Co-operative Development, herein after referred to as “The Commissioner”, the Sacco Societies Regulatory Authority (SASRA), and to all members of the Sacco Society through their last known address as per records held at the Sacco society, within thirty (30) days of such change.

3. DEFINITIONS AND INTERPRETATIONS

- 3.1 In these by-laws, unless the context otherwise suggests words or phrases shall be interpreted in accordance with the Sacco Societies Act, 2008 and Regulations of 2010 herein after referred to as the “Act” and “Regulations” respectively, the Co-operative Societies Act Cap 490 Laws of Kenya and the Rules made there under herein after referred to as the “Co-operative Societies Act” and “Rules” respectively.
- 3.2 In these by-laws, where the masculine gender is referred to, it will be construed to include the feminine gender.
- 3.3 In these by-laws save as otherwise expressly stated:
- (i) “**Audit Committee**”- shall mean Committee of the Board established as per the Regulations.
 - (ii) “**Authority**” shall mean the Sacco Societies Regulatory Authority
 - (iii) “**A nominee**” means a person appointed by the member to inherit the shares, deposits and other interests in the society upon the death of that member.
 - (iv) “**Apex Society**” means a society means a society formed at the national Level by the Co-operative Societies Act to promote Co-operative development and represent the interests of Co-operative societies locally and internationally”

- (v) **“Applicable Law”** shall mean any other relevant law other than the Sacco Societies Act, 2008 and the Regulations, Co-operative Societies Act cap 490, Rules, and these by-laws.
- (vi) **“Board of Directors”** shall refer to the persons elected in a duly convened General Meeting to direct the Business of the Society as per these by-laws hereinafter referred to as the “Board”.
- (vii) **“Branch”** means a retail and physical location, other than the society headquarters where the society offers a wide array of face to face and automated financial services to members.”
- (viii) **“Capital”** means the permanent members’ equity in the form of common stocks and includes all disclosed reserves, retained earnings, grants or donations.
- (ix) **“Commissioner”** shall mean “the Commissioner for Co-operative Development and Marketing as provided for under section 3 of the Co-operatives Act.”
- (x) **“Common Bond”** shall mean any unifying factors that bring the members together. In this context, it shall include individuals or organizations approved by a General Meeting.
- (xi) **“Core Capital”** shall mean fully paid up member/s’ shares, capital issued, disclosed reserves, retained earnings, grants and donations all of which are not meant to be expended unless on liquidation of the Sacco society.
- (xii) **“Date of Dissolution”** means the date on which the Commissioner orders cancellation of the registration of the society takes effect.
- (xiii) **“Delegate”** shall mean an elected members’ representative, representing members in an Electoral Zone, as per these by laws.
- (xiv) **“Deposits”** means a sum of money received or paid on terms under which it shall be repaid with or without interest or premium and either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and the person receiving it.
- (xv) **“Dividend”** shall mean member/s’ share of the surplus of the Sacco society which is divided amongst its members based on shareholding.



- (xvi) **“Electoral zone”** means a cluster of members in a certain location eligible for representation by a delegate in accordance with these By-laws.’
- (xvii) **“Financial investments”** shall mean investments in government securities, shares and stocks, deposits in institutions licensed under the Banking Act and other licensed co-operative societies.
- (xviii) **“General Meeting”** shall be a meeting (either “annual” or “special”) for all Delegates duly convened by the Sacco society to conduct its business.
- (xix) **“Institutional Capital”** means disclosed reserves, retained earnings, grants and donations, all of which are not meant to be expended unless on liquidation of the Society.
- (xx) **“Liquid Funds”** means cash and deposits with a maturity of not more than 90 days’
- (xxi) **“Member”** means a person who is qualified for membership as approved by the board of directors and ratified by the Annual General Meeting.
- (xxii) **“Member in good standing”** means a member who is current on the repayment of his/her loan payments due to the society and who is current on making his/her required contributions and has not in any way acted in a manner which is potentially damaging to the society and has fully complied with the policies and rules set by the society
- (xxiii) **“Minors”** shall mean persons who are below 18 years of age but who benefit from some of the services of the SACCO
- (xxiv) **“NACOS”** means National Co-operative Organizations
- (xxv) **“Net Surplus”** means the amount of income in excess of expenses of the society. It is the amount computed before any allocation is made for members’ dividends and /or interest to be paid on shares
- (xxvi) **“Personal representative/s”** means any person/s who, under the law or customs, is responsible for administering the estate of a deceased person.
- (xxvii) **“Profit”** is all the net earnings for the Sacco operations net of taxes. Distributable profits is the sum payable at the end of the year to a member as a return on the member/s’ deposits, resulting from the positive performance of the general business of the society for the year under review”

- (xxviii) **“Returning officer”** is a person appointed by the board of directors to oversee or conduct the elections of the Society at the electoral zones and at the general meeting.
- (xxix) **“Share”** means the amount representing a member’s portion in the equity of the society as a co-owner.
- (xxx) **“Share Capital”** shall mean members’ equity in the form of issued and fully paid up shares of common stock. They shall constitute the Share Capital of the SACCO as a body corporate. The said shares are not withdraw-able.
- (xxxii) **“Special General Meeting”** means a general meeting as defined in the cooperative Societies Act and which is called as per the provisions of these By-laws.
- (xxxiii) **“Special Resolution”** means a resolution passed by two thirds of the members present and voting at a general meeting of the society.
- (xxxiiii) **“Supervisory Committee”** means an oversight committee elected at a general meeting and in accordance with these By-Laws
- (xxxv) **“The Chief Executive Officer or CEO”** refers to the Chief Executive Officer of the Society
- (xxxvi) **“The Society”** means Harambee Co-operative Savings and Credit Society Limited Deposit Taking
- (xxxvii) **“Tribunal”** shall mean the Co-operative Tribunal established under section 77 of the Co-operatives Societies Act Chapter 490 laws of Kenya as amended in Section 71 of the Sacco Societies Act to hear and determine disputes.

4. Any questions concerning interpretation of these by-laws or any matters not provided for therein, errors and omissions shall be referred to Commissioner.

5. OBJECTS

5.1 The objects for which the Sacco society is established are to organize and promote the quality of life of the members by providing quality financial products and services.

5.2 In particular, the Sacco society shall undertake the following:

- (i) To promote thrift among its members by affording them an opportunity for accumulating their savings and deposits and providing them with credit exclusively for provident and productive purposes, at fair and reasonable rate of interest; thereby enabling them to use and control their money for their mutual benefit.
- (ii) To ensure personal growth through the introduction of new products and services that will promote the economic base of the members.
- (iii) To ensure progress of members and Sacco society through continuous education programs on savings and proper use of credit, reduction of poverty, human dignity and co-operation familiarization with the Act, rules and by-laws, development in the co-operative movement and the roles of various committees and subcommittees, and the role of members in the Society.
- (iv) To apply the co-operative principle of co-operation among co-operatives in order to promote member/s' interests. In furtherance to its objects, the society may affiliate to the relevant National Co-operative Union and the Apex society.
- (v) To ensure safety and soundness of members funds through a risk management frame work, appropriate insurance coverage, and adequate, efficient internal control systems.
- (vi) To offer any other services permissible by law for the benefit of the members.

5.3 For the attainment of the above objects, the Sacco society may do acts and things that are permissible under the Sacco Societies Act and Regulations, Co-operative Societies Act and Rules and these By-laws and all such other things as are incidental or consequential to the economic enhancement of its members interests provided such act is approved by the members in a general meeting.

6. CO-OPERATIVE PRINCIPLES AND VALUES

In order to achieve its objects the Sacco society shall act in accordance with the following Co-operative principles and relevant values.

6.1 PRINCIPLES

In order to achieve the objects for which the society was established, the society shall practice the following Co-operative principles:

(i) Voluntary and open membership

The society shall always be guided by the principle of voluntary and open membership in its member recruitment drive without political, ethnic, religious, gender or social discrimination.

(ii) **Democratic member control**

The society will be fully controlled by members who will have equal voting rights on the basis of one member one vote.

(iii) **Economic participation by member**

Members shall contribute equitably to the capital of the society and share in the results of its operations.

(iv) **Autonomy and independence**

The society shall operate on mutually acceptable terms with its stakeholders who will ensure its autonomy and independence.

(v) **Education, training and information**

The society shall foster reciprocal, on-going education programmes for members, leaders, staff and the community so that they can teach and learn from each other or from the appropriate resource persons in understanding and carrying out their respective roles.

(vi) **Co-operation among co-operatives**

In order to better serve the interests of the members and the community, the society shall actively co-operate with other co-operatives locally, regionally, nationally and internationally.

(vii) **Concern for community in General**

The society shall show concern to the community in which it exists and operates.

7. VALUES

The society shall practice the co-operative values which shall include self-help, mutual responsibility, equality and equity. It shall practice honesty, openness and social responsibility in all its activities.

8. MEMBERSHIPS, PARTNERSHIPS AND SUBSIDIARIES

- (i) The Society may become a member of any national or international organization that may best serve the interests of the society.

- (ii) The society may enter into partnerships with organizations, institutions and such other service providers approved by the Board of Directors. It shall recognize the fact that such membership is vital for the safety of its transactions and in the interest of its members in accordance with the principle of co-operation among co-operatives.
- (iii) The society may form or participate in such subsidiaries as may be of benefit to its members

9. MEMBERSHIP COMPOSITION

Membership shall consist of:-

- (i) Original members who signed the application for registration.
- (ii) New members subsequently admitted in accordance with these by-laws.

10. QUALIFICATION FOR MEMBERSHIP

10.1 A person of *either sex* who possesses the following qualifications shall be eligible for membership:-

- (i) Is within the field of membership consisting of the following is within the field of membership consisting the following common bond, that is:-
 - a) Government Ministries/ State Departments
 - b) Statutory Government Organization, parastatals and other agencies approved by the Annual Delegates Meeting.
 - c) Is a member of the immediate family of the primary member that is Spouse, Family Members and children
- (ii) Is not less than eighteen years of age, if a natural person.
- (iii) Is of good character and sound mind
- (iv) Pays the entrance fee and share capital as prescribed in these by-laws.
- (v) Is not a member of another salaried-based SACCO in the Country
- (vi) Is not directly or indirectly, a money lender, or carrying out such activities detrimental to the objectives of the SACCO.
- (vii) Is an employee of the society or investments of the Society.
- (viii) Has paid the prescribed entrance fee and at least one share.

(ix) Has accepted the objectives of the society, the obligations of membership and other conditions as stated in these By-laws.

10.2 Provided that no member shall belong to more than one Sacco society serving similar purpose.

11. APPLICATION FOR MEMBERSHIP

11.1 Every applicant for membership shall complete an "application for membership" form. This form shall be drawn to show all the information required for the purpose of registration of a member.

12. ADMISSION INTO MEMBERSHIP

12.1 An applicant shall be admitted to membership on application on being accepted by the Board of Directors, but shall not qualify for the rights and privileges of membership until he has paid an entrance fees may be prescribed in the Membership policy and paid in full for at least Three Hundred (300) shares.

12.2 A member is also required to submit two (2) certified passport size photos and a copy of the National Identity Card or any other authenticated identity. The completed form, when filed in serial order, shall constitute the Register of members as required under the Act.

12.3 Upon admission to membership the Chief Executive Officer shall cause the name and relevant particulars of qualified applicant to be entered in the register of members **as a means of identifying the member's account with the society.**

12.4 The member shall then be issued with a membership card at a cost prescribed in the membership policy. In event of loss of the original membership card, a duplicate card shall be issued.

12.5 Every applicant for membership shall also be a member of the Sinking fund or Loan Protection Program.

12.6 Members shall be admitted by the board subject to Confirmation by the next general meeting.

12.7 The member on request for a copy of the society's by-laws shall pay for it.

13. REFUSAL OF ADMISSION TO MEMBERSHIP

The Board of Directors may refuse membership to any applicant and their decision is final.

14. MEMBERS' RIGHTS

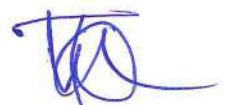
Subject to these By-laws, policies, standards, values and procedures, all members shall have the right to use the Society's services and exercise the rights established by the Co-operative Societies Act, the Rules and these By-laws. Members' rights include, but not limited to:-

- (i) Receiving, periodically and regularly, or upon request, and at least once a year, a statement of accounts containing the individualized record of his credit and debit transactions.
- (ii) Attending and participating in electoral zones meetings and elections. Each member shall have one vote irrespective of his total shareholding.
- (iii) Electing representatives to attend and participate at a general meeting.
- (iv) Be elected to organs of the Society subject to these By-laws.
- (v) Enjoying the Society's services and facilities according to the policies and procedures approved by the Board of Directors.
- (vi) Submitting projects or initiative to the Board of Directors, for the improvement of the Society's services.
- (vii) Appointing a nominee.
- (viii) Participating in the sharing of the Society's surplus/losses.
- (ix) Accessing all legitimate information relating to the Society, including internal regulations, registers, minutes of the General Meetings, Supervisory Committee reports, annual accounts and inventories, investigation reports, at the registered office of the Society, subject to the Society's policies and regulations in force at the time.
- (x) Voting on all matters put before the electoral zone.
- (xi) Enjoying all other rights as prescribed by the Co-operative Societies Act and the Rules thereof, Sacco Societies Act, the Regulations thereof and the registered By-laws of the Society.

15. MEMBERS' OBLIGATIONS

In accordance with the Co-operative Societies Act, members of the Society are obliged to:

- (i) Be loyal and honest in all their dealings with the Society.
- (ii) Observe the law, the rules and these By-laws whenever transacting any business with the Society.
- (iii) Observe and comply with the code of conduct and ethics of the Society and in particular desist from any corrupt practices in all dealings with the Society.
- (iv) Refrain from engaging in the business of money lending and in competition with the Society that is but not limited "brokerage", "shy-locking" etc.
- (v) Protect the image of the Society and avoid unnecessary publicity, incitement or careless talk that can injure the reputation of the Society.
- (vi) Inform the Chief Executive Officer in writing of change of their electoral zone whenever they occur.
- (vii) Pay their debt obligations to the Society without fail and save regularly with the Society.
- (viii) Buy and pay up for the shares or make any other regular payments provided for in these By-laws
- (ix) Seek cooperative education to improve their awareness and enlightenment on cooperative matters.
- (x) Attend meetings and education forums and take part in decision-making.
- (xi) Inform non-members and encourage them to join the Society
- (xii) Identify problems affecting the Society and suggest solutions.
- (xiii) Participate in the Society's projects, both physically and financially.
- (xiv) Make use of the services of the Society as stated in its objects.
- (xv) Comply with these By-laws, the Co-operative Societies Act, the Sacco Societies Act, Rules, Regulations and resolutions of General Meetings.



16. MEMBER'S PERSONAL STATEMENT

- 16.1 The society shall maintain a Member's Personal Account (M.P.A) for each member, which shall contain full particulars such as name, Society membership number and Employment personal number, Identification (I.D) number, shares, deposits, savings balance and loans transactions with the Society. Every member shall receive regular statements stated herein above at least once every six months.
- 16.2 A Member's statement of Account, signed by a duly authorized officer of the society shall be conclusive evidence that the person named therein is a customer of the society and shall constitute a certificate of savings, unless it is proved otherwise.
- 16.3 If such a statement is lost, issuance of a duplicate may be authorized by the Board of Directors upon payment of a fee as the Board may decide.

17. CESSATION OF MEMBERSHIP

- 17.1 Membership in the Sacco society shall cease with effect from the date of *member/s'*:
- (i) Death
 - (ii) Withdrawal from membership
 - (iii) Expulsion from membership
 - (iv) Transferring all shares to another member.
 - (v) By vote of the membership at the ensuing General Meeting following suspension of a member by the Board of Directors for any violation of these By-laws or conduct prejudicial to the society's interest.

18. DISQUALIFICATION TO MEMBERSHIP

A member may be disqualified from membership on:-

- (i) Being certified insane.
- (ii) Failure to remit regular savings to the society and loan repayments for a continuous period of six (6) months.
- (iii) Ceasing to hold qualification for membership as specified in these by-laws
- (iv) Acting contrary to the relevant provisions of the Acts, Rules and By-laws

- (vi) Committing actions detrimental to the Society's interests that is but not limited to initiating litigations, negative publicity, blackmail and propaganda against Society among others.
- (vii) Being declared bankrupt by a court of law
- (viii) Having been adversely mentioned in an inquiry report as per the Co-operative Societies and Sacco Societies Acts.

19. SUSPENSION AND EXPULSION OF A MEMBER

19.1 The Board may suspend a member and recommend his expulsion from membership of the Society to the general meeting for ratification who,

- (i) fails to fulfill his obligations to the Sacco society whether stated in these by-laws, general internal regulations, a resolution of the general meeting or in contravention of any other legal document, provided such a member has been called upon to do so but has failed.,
- (ii) Is a member of another Sacco society serving similar purpose,
- (iii) Acts in any manner prejudicial and detrimental to the interests of the society.
- (iv) Fails to save regularly.
- (v) Willfully defaults in the repayment of loans due or part of loans due for a period exceeding six months
- (vi) For any other reason approved by the Annual General Meeting and/or as may be contained in the Society's Code of Ethics.

19.2 Provided that, no member shall remain in suspension for a period of more than 12 months.

20. PROCEDURE OF SUSPENSION AND EXPULSION OF MEMBER

20.1 Upon formal and written proof that a member has committed a violation punishable by expulsion, the board shall serve a fifteen (15) days written notice to the member stating the reason(s) for the proposed expulsion and requiring him/her to file a written defense within the said fifteen (15) days.

- 20.2 Upon the expiry of the fifteen (15) days and taking into consideration the member's defense if any, the Board shall initiate administrative inquiry and make a decision on its findings within 15 days. The Board may;
- i) Suspend the member pending expulsion by the General Meeting or
 - ii) Impose any other punishment as provided for in the applicable law.
- 20.3 The suspended member may appeal to the General Meeting if not satisfied with the decision of the Board.
- 20.4 The Board shall present its findings to the next General Meeting which may either lift the suspension or expel the member.
- 20.5 A member who is suspended loses all the membership rights and is not eligible to vote, to vie for elections of the society, receive services from the Society such as but not limited to loans, or transact any other business on their own behalf or on behalf of the Society or its members.
- 20.6 A member who is expelled from the Sacco Society shall have the right to appeal to the Tribunal.

21. VOLUNTARY WITHDRAWAL FROM SACCO SOCIETY

- 21.1 A member may at any time withdraw from the Sacco society by giving at least sixty (60) days written notice to the board.
- 21.2 Partial withdrawal of non-withdraw able deposits from the Sacco society shall not be allowed under any circumstance.
- 21.3 Members with no liability or outstanding obligations on their accounts and no outstanding collaterals or guarantees for other member's loans may withdraw from membership at any time, without losing vested rights.

22. NOTICE OF VOLUNTARY WITHDRAWAL

A member may at any time withdraw from the society by giving Sixty (60) days' written notice to the society during which time the society will settle the member's accounts and refund the member's savings if he has no outstanding liability with the society.

23. PAYMENT ON TERMINATION OF MEMBERSHIP

- 23.1 Withdrawal, expulsion, or termination of membership will not exonerate a member from any existing personal or membership liability

23.2 On cessation of membership, a person who withdraws or is expelled shall be repaid the following amounts after deduction of any outstanding debts or obligations owed by him to the SACCO Society as borrower, endorser, and guarantor or otherwise:-

The deposits (both withdraw-able and non-withdraw-able).

- (i) Any dividends and interests due prior to the cessation date.
- (ii) Any other funds other than shares held by the Sacco society on his/her behalf.

23.3 On cessation of membership a person has an option of transferring his shares to another member.

23.4 Members who voluntarily withdraw may re-apply for admission. In such circumstances, a re-admission fee of Kshs. 5,000.00 shall be levied in addition to the normal entrance fees for reinstatement if the application is approved. A member may only rejoin the SACCO six (6) months after ceasing to be a member.

24. NOMINEE

- (i) Every member of a society may appoint his nominee or nominees for the purposes of section 39 of the Act.
- (ii) No member of a co-operative society shall be entitled to appoint more than one nominee unless that member holds more than one share.
- (iii) Every member may nominate in writing one or more persons in order of priority and percentage to whom upon his death, his shares deposits or any other interest shall be transferred. Appointment of a nominee by a member shall be in writing and signed by the member in the presence of two attesting witnesses. Such particulars of the nominee(s) shall be recorded and kept in a sealed envelope to be safely kept in the custody of the Chief Executive officer and whose reference particulars shall be entered in the register of members.
- (iv) Where more than one nominee is appointed by any member, the number of shares to be transferred to each of these nominees shall be specified at the time of the appointment.
- (v) A member may at any time change his nominee provided such change or alteration is in writing and signed by the member in the presence of two attesting witnesses.
- (vi) In the absence of a valid nominee, dues shall be paid through a personal Representative or, Public Trustee.

25. PAYMENT TO NOMINEE

25.1 The Sacco society after receiving official notice of the death of the member and obtaining such documentary proof of the death of a member as it may consider necessary, shall pay to the nominee the value of the deceased member/s' deposits, interest and dividend after deducting monies owed to the Sacco society, if any. The nominee may also receive payments from the sinking fund, Risk Management or any approved insurance programme.

26. ADMISSION OF NOMINEE

26.1 A nominee may be admitted to membership of the Society if qualified. The shares, deposits, interest and dividends due to the deceased member shall be transferred to the account of that nominee.

27. FUNDS OF THE SACCO SOCIETY

27.1 The funds of the Sacco Society shall consist of:

Core Capital

- (i) Paid up members shares
- (ii) Retained Earnings
- (iii) Disclosed Reserves
- (iv) Grants and Donations
- (v) Members contributions to the sinking fund

Income

- (i) Interest, fees and charges, penalties, and commissions
- (ii) Entrance fee
- (iii) Any donations, grants or gifts from other bodies, organizations or individuals
- (vi) Funds obtained from other lawful miscellaneous sources

- (vii) **Liabilities**, which include deposits from members and borrowings from other sources as may be prescribed by the Authority.

27.2 Capital Adequacy

The Sacco Society shall at all times maintain:-

- (i) Core Capital of not less than 10million shillings
- (ii) Core capital of not less than 10% of total assets
- (iii) Core capital of not less than 8% of total deposits
- (iv) Institutional capital of not less than 8% of total assets

27.3 The funds of the Sacco society shall only be applied for the promotion of the stated objects of the Sacco society as set forth in these by laws, and shall be invested in:

- (i) Securities issued or guaranteed by the government or any agency of the government.
- (ii) Deposits obligations or other accounts of deposit taking institutions under the Banking Act
- (iii) Shares, stocks, deposits in loans to or other obligations to any Sacco Society licensed under the Sacco Societies Act or (NACOS) National Co-operative Organizations registered under the Co-operative Societies Act any other licensed Sacco society
- (iv) Loans to members.
- (v) Properties and Equipment for purposes of Sacco business
- (vi) Any other use that is incidental to the smooth running of the society business and operations.

27.4 Investments under 23.3 above shall not in the aggregate, exceed such proportion of total assets, core capital and deposits of the Sacco Society as prescribed in the Regulations.

28. APPLICATION OF FUNDS

The funds of the society shall be applied for the promotion of the stated objects and purposes of the society as set forth in these By-laws and as determined or approved by the General Meeting.

29. SHARES

- 29.1 Every member shall hold at least Three Hundred (300) shares of Kshs One Hundred (kshs 100) each as shall be fixed by the General Meeting. However, no member shall hold more than one-fifth of the total shares of the Society.
- 29.2 Any amount may be accepted towards the purchase of shares, provided, however, that the Annual General Meeting may fix a minimum amount that may be paid in by a member at any one time.
- 29.1 With the approval of the Board of Directors, a member may at any time transfer his shares to another member. Such transfers must be in writing and at nominal value.
- 29.4 All transfers of shares must be registered with the Chief Executive Officer, and no transfer shall be valid unless so registered. A fee of Kshs.100.00 shall be paid to the society by the transferee.
- 29.5 The Board of Directors shall have the right at any time to require members to give 60 (sixty) days written notice of intention to withdraw shares.

30. TRANSFER OF SHARES.

- 30.1 With the approval of the Board, a member may at any time transfer his shares to another member but not to any other person. Such transfers must be in writing and at nominal value.
- 30.2 All transfers of shares shall be registered with the Sacco society and no transfer shall be valid unless so registered. A fee as approved by the board shall be payable by the transferee for each such transfer.

31. LIABILITY OF MEMBERS

- 31.1 The liability of a member shall be limited to the nominal value of the shares held by him.
- 31.2 In the event of liquidation, where available funds are insufficient to pay the full nominal value of the shares held by members; the funds shall be distributed pro-rata among the shareholders according to the amount of shares held by each.

32. DEPOSITS

- i). Non-withdraw able Deposits made by a member in the society shall not be withdraw able in whole or in part unless on withdrawal of a member.



- ii). Withdraw - able deposits made to the SACCO Society by a member shall be withdrawn as per the policy approved by the Board of Directors.

33. POWER TO BORROW

- 33.1 Loans may be obtained from non-members subject to the maximum amount and terms approved by the General meeting and commissioner for co-operative development.
- 33.2 For the securing of any loans accepted by the society under paragraph (1) above, the society may grant a charge over its assets. The authority to grant a charge shall be reserved to the General Meeting. Subject to approval by the commissioner for co-operative development.
- 33.3 The rate of interest on loans shall not exceed the current market rate.

34. RECEIPTING OF MONEY

- 34.1 Money received on account of shares, deposits, Loans, interest fees or fines shall be recorded and evidenced by an entry in the members personal Account or issuance of an official receipt in the name of the society or as provided in the approved policies and procedures manuals of the society.
- 34.2 Should the Member Personal Account or other receipt given to the member by the society be lost or destroyed, immediate notice of such fact shall be given by the member to the Chief Executive Officer who may authorize for issue of a duplicate Member Personal Account or a duplicate receipt.
- 34.3 The Chief Executive Officer may require the member to sign an indemnity to protect the society against any loss due to the issuance of such duplicate. The Chief Executive Officer may also require payment to the society of a reasonable charge to cover the cost of issuing the duplicate Member Personal Account provided the amount charged shall be determined by the Board of directors.

35. PAYMENT AND DISBURSEMENT

- 35.1 Payments made by the Sacco society shall be recorded and evidenced as provided for in the approved policy and procedure manual of the society.

36. CAPITAL EXPENDITURE

The Board of Directors may re-allocate funds from one vote to another depending on the prevailing circumstances, and on a priority basis, but shall spend within the approved limits by the General Meeting of the Society. The Operational budget be presented to the General Meeting of the Society for deliberation and approval.

37. LIQUIDITY MANAGEMENT.

- 37.1 The Board of Directors shall formulate a liquidity Policy to monitor liquidity in the society in accordance with the Regulations.
- 37.2 The Board shall put in place a contingency plan to handle liquidity matters. The Plan shall include procedures for making up liquidity shortfalls in emergency situations and back up liquidity strategy for circumstances in which the normal approach to funding operations are disrupted.

38. INVESTMENTS

- (i) The society shall have a written Investment Policy consistent with the relevant provisions of the Co-operative Societies Act, the Sacco Societies Act, Regulations and any other applicable laws prescribing objectives and areas of investment especially in:-
- a) Liquid assets, cash in hand, cash in bank savings, deposits and treasury bills,
 - b) Loans to the members and employees.
 - c) Assets necessary for savings and credit operations according to objectives with reference to cooperative principles.
 - d) Other areas approved by the general meetings.
 - e) The Society shall not invest more than 10% of its funds in non-earning assets.
 - f) All surplus funds shall be maintained in an account of any financial institution approved by the general meeting and registered under the Banking Act, the Cooperative Societies Act, or the Sacco Societies Act.
- (ii) The society shall only invest in non-earning assets or property and equipment, real estate and financial investments to the extent permitted by the Regulations.



39. GOVERNANCE OF THE SOCIETY

39.1 GOVERNANCE STRUCTURE

- (i) The Governance structure of the Society shall comprise the General Meeting that has the overall control of the Society, the Board, and delegates.
- (ii) The members of an electoral zone shall elect their representatives (delegates). The delegates hereby elected shall have the duties detailed in clause 39.7 of these By-laws.

39.2 ELECTORAL ZONES AND BRANCHES

- (i) The Society shall have electoral zones and branches as may be established by the Board of Directors from time to time.
- (ii) The members of each electoral zone shall be represented by such number of delegates as may be determined by the board of directors.
- (iii) Branches shall offer all services as may be offered by the headquarters and in line with the Society's operational policies and procedures.
- (iv) Every member shall belong to one electoral zone, provided that a member may be served at the head office or any branch.

39.3 ESTABLISHMENT OF ELECTORAL ZONES

The Board shall establish the electoral zones/Branches and review them from time to time on the recommendation by management. The minimum number of members to qualify for an electoral zone shall be three hundred (300). However, the Electoral zone may have less than 300 members depending on geographical location of the members, category of memberships and members' characteristics, uniqueness of an electoral zone relationship between an electoral zone and the payroll and other conditions as may be set up by the board from time to time.

Each electoral zone shall have the following officials who shall represent their respective members:

- (i) Branch Chairman
- (ii) Branch Secretary
- (iii) Branch Treasurer



- (iv) However, in Electoral zones that have been allocated two (2) positions for officials by the Board of Directors, such branches shall have the post of Branch Chairman and Branch Secretary. In Electoral zones that have been allocated additional officials other than the Branch Chairman, Branch Treasurer and the Branch Secretary, such officials shall be referred to as members and shall undertake functions of assisting the Branch Chairman, Branch Treasurer and Branch Secretary in branch matters.

39.4 ELECTORAL ZONE ANNUAL MEETING

- (i) The society shall have Electoral Zone Annual Meetings, which shall take place annually and shall consist of all members of the branch.
- (ii) The Board of Directors shall determine the criteria for establishment of an Electoral Zone and the number of Electoral Zone a Society may have, based on the number of members and geographical convenience.
- (iii) Any delegate who fails, and without any justifiable cause to attend the Electoral Zone Annual Meeting shall be disqualified and the meeting shall elect another member to replace the disqualified member.
- (iv) The Board of Directors or two thirds of the members of the branch or the Commissioner or his representatives shall have powers to convene Electoral Zone members Meeting whether Special or Annual.
- (v) Electoral Zone Annual Meetings shall be presided by the Branch Chairman and in his absence one of the Branch Delegates themselves.
- (vi) The Branch Secretary shall take minutes.

39.5. FUNCTIONS OF THE ELECTORAL ZONE ANNUAL MEETING

The Electoral Zone Annual Meetings shall have the following functions:-

- i) Elect branch delegate whose number the Board of Directors shall determine, but who, in any case, shall not exceed one delegate for every 300 members or part thereof. The Electoral Zone officials shall be the Chairman, Secretary and Treasurer. Provided that for one to be an elected delegate he/she shall have made saving (deposits) in excess of Kenya Shillings Four Hundred Thousand (Kshs.400,000/=) or as may from time to time be determined by the Annual General Meeting.
- ii) Confirm minutes of previous meetings.

- iii) Consider reports of the Board of Directors.
- iv) Express views and make recommendations for consideration by the Board of Directors and the Annual Delegates Meeting.

39.6 ELECTION AND TENURE OF THE DELEGATES

- (i) The Society shall operate under a delegate mode of representation.
- (ii) To facilitate services to members countrywide, the Board shall establish electoral zones and circulate or cause to be circulated a list of such zones to all delegates for their information.
- (iii) Every member shall belong to one electoral zone, based on his place of employment or business, from which he will participate in elections. It is the delegate's responsibility to inform the Board of any change of electoral zone/employment.
- (iv) The term of the delegates shall be three (3) years, and they are eligible for re-election thereafter, unless transferred from the Electoral Zone, or ceases to be in salaried employment.
- (v) The delegates so elected shall represent their electoral zones at all General Meetings.
- (vi) Within fourteen (14) days of their election, the names and addresses of all persons elected to office shall be forwarded by the Chief Executive Officer to the Commissioner and to the Authority.
- (vii) A candidate who is evidently known to engage in bribery, corruption, undue inducement of other members, or an election malpractice of any description, shall stand disqualified regardless of the seat he seeks.
- (viii) The following procedure shall be followed during voting:
 - a) All elections shall be by secret ballot or show of hands.
 - b) No member shall be entitled to vote by proxy.
 - c) No member, irrespective of the number of shares or deposits held by him, shall have more than one vote.
- (ix) The returning officer shall spell out the minimum requirements for election of a delegate as spelt out in clause 39.7 of these by-laws.



- (x) A By election shall be conducted to fill an office that has become vacant at the branch (Electoral Zone) before the Electoral Zone General Election. During the by election, eligible delegates should have satisfied the requisite qualifications to be elected as a delegate, one (1) month prior to the said by election.

39.7 ELIGIBILITY OF DELEGATES

- (i) No member shall be eligible or qualified to be elected as a delegate if he/she:
- a) Is not a member of the Society
 - b) Is an un-discharged bankrupt.
 - c) Is of unsound mind.
 - d) Is an employee of the Society or its subsidiary.
 - e) Does not have a valid certificate of good conduct.
 - f) Satisfy the requirements of Chapter six of the Constitution of Kenya 2010 on Leadership and integrity.
 - g) Provided that one to be an elected delegate he or she shall have made savings (deposits) in excess of Kenya Shillings Six hundred thousand (Kshs.600,000/=) and share capital of Kshs.50,000.00 by 31st December of the year preceding the Society's Branch elections or as may from time to time be determined by the Annual Delegates Meeting.
 - h) Has not attained a minimum of "O" level of education or its recognized equivalent.
 - i) Has been a defaulter for three (3) months or more in shares and loans repayments
 - j) Has been adversely named by the Authority, or the Commissioner in an inquiry report endorsed by an Annual or Special Delegates Meeting. for mismanagement or malpractices whilst still a member of the Board of a Co-operative Society, or named in any other national inquiries where he has been shown to be engaging in dishonest activities, or for mismanagement or malpractices whilst still a member of the Society and any other officer/committee or employee having the custody of, or handling funds or property of the Society subject to the provisions of Rule 28 (4) k.
 - k) Has a pending case against the Society in a court of law.



- l) Has not been a member for the immediate forty eight (48) continuous months preceding the Annual General meeting.
- m) Initiates negative publicity against the society.
- n) His or her salary must be processed through the Society's Front Office Service Activity (FOSA) for a minimum of eighteen (18) months preceding the Society's election and must have been saving consistently.

39.8 DUTIES AND RESPONSIBILITIES OF DELEGATES

39.8.1 It shall be the duty and responsibility of every delegate to:

- (i) Attend General Meeting when convened, in order to exercise their democratic rights and those of the members they represent.
- (ii) Attend education forums organized by the Society for members or delegates.
- (iii) Notify the Headquarters on issues related to deceased members
- (iv) Recommend and forward membership applications and withdrawal cases to the Society for processing.
- (v) Advise members on proper loan utilization and the importance of loan repayments.
- (vi) Act as a liaison between the Society and its members.
- (vii) Elect committed and visionary leaders as officials of the Society.
- (viii) Market the Society's activities and enhance its corporate image.
- (ix) Perform such other duties and responsibilities as may be directed by the Board of Directors from time to time.
- (x) Recommendations of development loans to the Headquarters
- (xi) To carry out education to members of their respective branches.
- (xii) Get the view and resolutions of members of members at branch level for onward presentation at Annual General Meeting



- (xiii) Reporting back the proceedings of Annual General Meeting and Special General Meeting to members.
- (xiv) Safe custody of cheques
- (xv) Maintenance of Branch Registers and relevant books of accounts
- (xvi) Recruitment of new members

39.9 SUSPENSION AND EXPULSION OF DELEGATES

The Board of Directors may suspend a delegate, subject to expulsion by the General Meeting, who:

- (i) Fails to meet the requirements stated in the Rules
- (ii) Willfully fails or refuses to comply with the Society's By-laws, policies and contracts and persists in such refusal or failure.
- (iii) Willfully defaults in the repayment of loans or advances due for a period exceeding 3 months.
- (iv) Fails to save regularly.
- (v) Is found to have willfully furnished false particulars in his dealings with the Society.
- (vi) Acts in any detrimental or prejudicial to the Society's interests or for other just cause.
- (vii) Is convicted in a court of law of a criminal offence involving dishonesty or imprisonment for any other offence for three (3) months or more.
- (viii) Who communicates to third parties on matters of the society without prior written consent of the chairman of the Board of Directors, regarding the Society's operations
- (ix) Initiates negative publicity against the society
- (x) For any other reason approved by the General Meeting and/or as may be contained in the Society's Membership Policy.

WZ

39.10 SUSPENSION AND EXPULSION PROCEDURE OF A DELEGATE

- (i) Upon formal and written announcement and proof that a delegates has committed a violation punishable by suspension or expulsion, the Board of Directors shall provide written notice to the member, stating the reason(s) for the suspension and proposed expulsion, and grant the delegate Fifteen (15) days to prepare a defence.
- (ii) Upon expiry of the 15 days and taking into consideration the delegate's defence, the Board shall initiate an administrative inquiry and act on its findings within fifteen (15) days.
- (iii) A delegate so suspend by the Board shall have the right to appeal at the next General Meeting, provided the notice and grounds of such appeal have been filed with the Honorary Secretary not less than thirty (30) days before the date of the meeting.
- (iv) A delegate so suspended or expelled loses voting rights and cannot attend Society meetings, unless invited by the Honorary Secretary in writing.

40. GENERAL MEETING

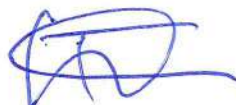
40.1 The supreme authority of the Sacco society shall be vested in the General Meeting of delegates.

- (i) An Annual General Meeting shall be convened within four (4) months after the end of the Sacco society's financial year.
- ii) A special General Meeting may be convened by the board of directors to deliberate on any Society's business that may subsequently arise.

40.2 A special general meeting of the Sacco society may be held when convened by the:-

- (i) Board of Directors
- (ii) Board of Directors within fifteen (15) days of receipt of a written request by at least two third (2/3) delegates or one fourth (1/4) of the members in good standing, whichever is less.
- (iii) Commissioner

40.3 Provided the request is deposited by registered mail at the Sacco society's address or delivered to the Chief Executive Officer at the Sacco society's offices within normal working hours.



40.5 An Annual General meeting or a Special General Meeting, convened solely to amend By-laws, shall have the exclusive power to amend the SACCO Society's by-laws.

40.6 General meetings shall be conducted according to the procedures and rules of order approved by the Board of Directors and as per the Sacco Societies Act.

41. NOTICE OF ANNUAL GENERAL MEETINGS

41.1 The General meeting shall be convened by giving at least fifteen (15) clear days' written notice to the delegates.

41.2 The Honorary Secretary shall take all usual steps to publish the notice of the meeting in public places, on the Sacco society's notice board(s), in local newspapers or news-sheets, including the media, website or any other mode decided by the Honorary Secretary.

41.3 All notices shall include a statement of the business to be dealt with.

42. QUORUM AT ANNUAL GENERAL MEETING

42.1 Except when convened by the Commissioner, the presence of at least two thirds (2/3) of delegates, shall constitute a quorum for the conduct of business at the Delegates Meeting. When a quorum is not attained the chairman shall adjourn the meeting and fix a date for another meeting within one month, which shall be advertised as prescribed in these by-laws. If a quorum is again not attained, the chairman shall declare the meeting open with those present one hour after the advertised time of the meeting.

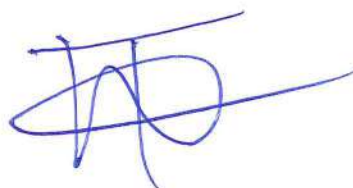
43. VOTING AT ANNUAL GENERAL MEETING

43.1 Amendments of these by-laws shall be approved by a vote of simple majority of the delegates present at the meeting

43.2 Unless otherwise provided for in the Act, these Rules or by-laws of a co-operative society, any question referred to the members present at a meeting shall be decided by a majority of votes.

43.3 The Chairman shall declare whether every resolution put to the vote has been carried or lost and shall cause an entry to that effect to be made in the minute book of the society which when signed by him shall be conclusive evidence of anything contained therein.

43.4 The Chairman shall have one vote only and no casting vote



43.5 A resolution on which the voting is equal shall be postponed to a subsequent meeting.

44. ENFORCEMENT OF THE DECISIONS

Any decisions taken by the majority at delegates meetings shall be binding to all members and delegates present, absent and objecting.

45. PRESIDING OVER GENERAL MEETINGS

(i) The Chairman, or in his absence, the Vice-Chairman shall preside at every Delegates Meeting. In their absence, any committee member elected by a majority of those present shall preside failing which any delegate elected by a majority of those present shall preside.

(ii) The Commissioner or his representative may preside over the meeting but shall not be entitled to vote.

46. IDENTIFICATION OF MEMBERS AND DELEGATES

Before, they may attend or vote at an Electoral Zone Meeting or Annual General Meeting, each member or delegate shall be required to produce a pass, card, and some evidence of membership of the society or identify himself as a member or delegate in a satisfactory manner.

47. POWERS AND DUTIES OF ANNUAL GENERAL MEETINGS

47.1 The General Meeting shall have the powers and duties prescribed in the Sacco Societies Act, Regulations, Co-operative Societies Act, Rules and these by-laws. It shall:

(i) Consider and confirm the minutes of the previous Delegates Meeting.

(ii) Consider reports of committees, the Authority, the Commissioner or his/her representative and the audited accounts on the Sacco society's activities during the past financial year.

(iii) Consider and resolve on the manner in which any available surplus shall be distributed or invested, subject to the Act, Regulations, Co-operative Act and Rules.

(iv) Elect or remove members of the board and the Supervisory Committee, subject to the Act, Regulations and these by-laws.

- (v) Fix the indemnity for the elected Board Members and management staff.
- (vi) Consider recommendations on expulsion of members.
- (vii) Approve the maximum liability which the Sacco society may incur in loans and deposits from members and non-members.
- (viii) Approve the estimates of income and expenditure for the financial year following the Delegates Meeting.
- (ix) Approve the honoraria, bonuses, dividends and interest on deposits if any, for members, officials, board of directors and employees of the Sacco society.
- (x) Appoint bankers, auditors and advocates of the Sacco society for the ensuing year.
- (xi) Approve affiliation to National Co-operative Organizations for SACCO societies and the Apex society.
- (xii) Transact any other business of the Sacco society for which notice has been given to delegates in the manner prescribed in these by-laws.

47.2 All delegates have an obligation to attend the Delegates Meeting and participate in its deliberations.

48. RECORD OF BUSINESS

48.1 All business discussed or decided at the General Meeting shall be recorded without erasures and corrections in a Minute Book, which within one week of the meeting, shall be signed by the Chairman of the meeting and at least one other Board member who was present at the meeting, to indicate that in their opinion the minutes are a true and complete record of all matters discussed or decided at the meeting.

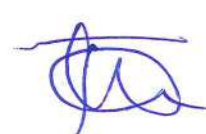
48.2 At the next meeting after approving any alterations or variations which shall be written below the above signatures and not as alterations to the original record, the meeting shall by resolution authorize the chairman to sign and date the final record.

49. ELIGIBILITY FOR MEMBERSHIP TO THE BOARD OF DIRECTORS

49.1 No member shall be eligible as a member of Board of Directors if he or she;-

- (i) Has not been a delegate of the Sacco Society for at least a continuous period of thirty six (36) months prior to the Annual Delegates Meeting.

- (ii) Has been adversely named by the Authority, or the Commissioner in an inquiry report endorsed by an Annual or Special Delegates Meeting, for mismanagement or malpractices whilst still a member of the Board of a Co-operative Society, or named in any other national inquiries where he has been shown to be engaging in dishonest activities, or for mismanagement or malpractices whilst still a member of the Society and any other officer/committee or employee having the custody of, or handling funds or property of the Society subject to the provisions of Rule 28 (4) k.
- (iii) Has been removed by the Authority as prescribed in the Sacco Societies Act and Regulations while still a member of the board of a Sacco society.
- (iv) Has been charged of any offence involving dishonesty, a crime involving fraud, perjury or breach of contract of a licensed financial institution.
- (v) Has been convicted of any offence involving dishonesty or is imprisoned for three months or more with a crime involving fraud, perjury or breach of contract of a licensed financial institution.
- (vi) Is delinquent on loans with the SACCO for more than Sixty (60 days) within 2 years prior to elections;
- (vii) Shall not have attained a minimum of "O" Level Certificate of Education or equivalent;
- (viii) Is un-discharged bankrupt ;
- (ix) Is under 25 years of age;
- (x) Is of unsound mind;
- (xi) Is a Board member of another existing Sacco society licensed under the Act;
- (xii) Is an official of or holds a political office at any level
- (xiii) Does not conform to minimum qualification standards in accordance to the applicable law.
- (xiv) Has been removed from public office on disciplinary action.
- (xv) Has not duly executed the Fit and Proper Test form as provided in the Regulations
- (xvi) Has not consistently saved a minimum deposit of Kenya Shillings One million Five hundred Thousand (Kshs. 1,500,000.00) and a minimum share capital of Kenya Shillings One Hundred Thousand (Kshs.100,000/=) to qualify to be members of the Board of Directors by 31st December preceding the election.



- (xvii) Has a record of lending member/s' money on his own account.
- (xviii) Instigates Negative publicity against the Society.
- (xix) Does not have a valid certificate of good conduct.
- (xx) Does not satisfy the requirements of Chapter six of the Constitution of Kenya 2010 on leadership and integrity.
- (xxi) His or her salary must be processed through the Society's Front Office Service Activity (FOSA) eighteen (18) months preceding the society's election and must have been saving consistently.
- (xxii) Members of the Board of Directors shall be elected from amongst delegates from Nairobi Province and shall lose their positions in the Board of Directors once transferred outside Nairobi Province.

50. (a) ELECTIONS OF THE SOCIETY

- 50.1 The board shall notify the delegates of the vacancies arising in both the board and the Supervisory Committee.
- 50.2 There shall be a Nominating Committee constituted as prescribed in By-laws No.50 (b), per the Sacco Electoral Policy formulated by the Board to vet and clear the prospective candidates for elections.
- 50.3 During elections, the Returning officer shall present duly nominated candidates for the vacant positions. Each candidate must have a proposer and a seconder.
- 50.4 At the elections, members/delegates shall decide, by majority vote, the method of voting. The method may be secret ballot or by show of hands.
- 50.5 No member or delegate shall be entitled to vote by proxy.
- 50.6 Irrespective of the number of shares held by him or her, no member shall have more than one vote.
- 50.7 Within fourteen (14) days of the elections, the Chief Executive Officer shall forward to the Commissioner and the Authority the names and addresses of all persons elected.
- 50.8 A new Board of Directors elected at the General Meeting shall not remain in office unless they have filed indemnity against the Society within fourteen (14) days of being elected

and filed wealth declaration forms with the Ethics Commission for Cooperative societies within 30 days as provided in the Acts

50 (b) **NOMINATION COMMITTEE**

The Committee has responsibility for all aspects of the appointment of Sacco Directors with the following key responsibilities:

- (i) The Board shall on an annual basis appoint a Nomination Committee that shall vet all candidates seeking to be considered for election.
- (ii) The Nomination Committee shall comprise of Three (3) members, one representative from the ministry in charge of Co-operatives serving as chairman, and a person from a recognized and relevant professional association, The Institute of Certified Public Accountants of Kenya (ICPAK) and the Chief Executive officer of the Society as secretary both of whom shall serve as members to the committee.
- (iii) A 21-day notice shall be provided for interested candidates to present their names for consideration.
- (iv) The Society shall comply with the regulations and guidelines from the Authority and the Board Charter in respect to the electoral process.
- (v) Regular review of structure, size and composition of the Board and make recommendations on any adjustments deemed necessary.
- (vi) Identify, nominate and propose candidates to the Board to be recommended for election by the Annual General Meeting, to fill Board vacancies as and when they arise.
- (vii) Satisfy itself with regard to succession planning and that plans are in place with regard to succession at both the Board and senior management level.
- (viii) Keep under review the leadership needs of the Sacco at Board level through a matrix of skills and competencies as a basis for recommending suitable candidates for appointment as Directors which shall be updated on an annual basis.

51. THE BOARD OF DIRECTORS

- 51.1 The board shall be the governing body of the Sacco society elected from Nairobi Delegates membership and shall consist of a maximum of Eleven (11) elected **NONE EXECUTIVE** Board of directors.
- 51.2 The board shall include the National Chairman, Vice chairman, Treasurer and Honorary Secretary all of whom shall be elected by the board from amongst the members of the board.
- 51.3 Members of the board shall hold office for a period of three years provided that, one-third of the board members shall retire on rotation but will be eligible for re-election.
- 51.4 Where the membership of the board falls below seven (7) the Board shall co-opt qualified delegate(s) into the board until the next General Meeting.
- 51.5 The Chief Executive Officer shall be an ex-officio member of the Board of Directors and any Board Committee of the Society.
- 51.6 The Board of Directors shall be informed by the Chief Executive Officer on the operations Society in order to provide oversight guidance and policy direction.
- 51.7 A person elected into a Board or committee of a co-operative union or apex society on the basis of his elected position at the affiliate primary co-operative society shall cease to be a Board member of the co-operative or apex society upon being replaced or voted out at the primary co-operative society.

52. ELECTION & TENURE OF THE BOARD

- 52.1 The members of the Board of the society shall be elected for a term of three (3) years and will be eligible for re-election provided that one third (1/3) of the Board members shall retire every year on rotational basis.
- 52.2 Once elected, a member of Board of Directors will serve his full term so long as he is in Nairobi Area.
- 52.3 In case of a midterm vacancy in the Board Of Directors and where the number of Board members falls below seven (7), the remaining Board Members may co-opt delegates from the Nairobi delegates to fill the vacancies until the next general Meeting at which such co-opted member(s) will seek the delegates mandate
- 52.4 Where there is a vacancy, during the Annual Delegates Meeting, the Returning Officer shall call for nominations from the floor for the agreed number of candidates for the

vacancies either in the Board provided that the Chief Executive Officer shall confirm the eligibility or otherwise of the candidates.

52.5 All elections shall be determined by simple Majority of vote of delegates present and shall be by secret ballot or show of hands except where there is only one nominee or the office. If there is a tie of vote the elections shall be repeated.

52.5 The majority members of a Board of Directors may for a good cause suspend a Board member subject to ratification by a general meeting.

52.6 Elected members of the Board shall be removed only by a two-thirds (2/3) majority of delegates of the society present and voting at a general meeting.

52.7 If a general meeting removes a member of the committee it shall forthwith elect a new member who shall hold office for the remainder of the term of the member so removed and where the entire committee is removed from office, the general meeting may decide to elect or fix a day for election of an interim committee of not more than five members to hold office for a period not exceeding ninety days.

53. CONDUCT OF BUSINESS

The Board of Directors may make such rules not inconsistent with these by-laws, as they may deem necessary for the conduct of the Society's business. Any such regulations shall be recorded in the Minute Book and shall be posted on the Society's notice board, and shall come into force as at when determined by the Board.

54. BOARD MEETINGS

54.1 The Board shall meet not more than twelve (12) times in a financial year and not more than two months shall lapse between two consecutive meetings.

54.2 Meetings of the Board shall be chaired by the National Chairman. In his absence the national vice chairman shall chair. In their absence the board will elect from amongst them a chairman.

54.3 At least Seven (7) Board members shall form a quorum for the disposal of business.

54.4 If a member of the board fails to attend three consecutive meetings without being excused thereon, or otherwise fails to perform his/her duties, the position shall be declared vacant and may be filled as provided for in these by-laws.

54.5 During the Board meetings:-

(i) The minutes of its previous meetings shall be considered and confirmed.

- (ii) The accounts, bank books and cash in hand shall be scrutinized and checked and the Boards observations therein recorded in the minutes.
- (iii) Any current business shall be considered.

55. RECORDS OF BOARD OF DIRECTORS AND BOARD COMMITTEE MEETINGS

- 55.1 All business discussed or decided at the Board Meeting shall be recorded without erasures and corrections in a Minute Book, which within one week of the meeting, shall be signed by the Chairman of the meeting and at least one other board member who was present at the meeting, to indicate that in their opinion the minutes are a true and complete record of all matters discussed or decided at the meeting.
- 55.2 At the next meeting, after approving any alterations or variations, which shall be written below the above signatures and not as alterations to the original record, the meeting shall, by resolution, authorize its Chairman to sign and date the final record.

56. DUTIES AND POWERS OF THE BOARD

- 56.1 The board of the Sacco society shall subject to any directions from the General Meeting generally direct the affairs of the Sacco society. Its procedures, powers and duties shall be as prescribed by the Act, Regulations, Co-operative Act, Credit Policy and Rules and these by-laws. In particular, it shall:
- (i) Observe in all its transactions the Act and the Regulations, Co-operative Act and the Rules, these by-laws and prudent business practices.
 - (ii) Establish and approve appropriate policies including human resource management, credit policy, savings, liquidity, investment, dividend, risk management, membership administration, cash handling and information management and preservation.
 - (iii) Ensure that the management maintains proper and accurate records that reflect the true and fair position of the Sacco society's financial condition.
 - (iv) Prepare and develop business plans and annual budgets for presentation at the Delegates Meeting;
 - (v) Formulate the Electoral Policy to guide in the nomination and election process
 - (vi) Appoint such number of board committees as maybe necessary to effectively discharge its functions;

- (vii) Approve interest rates on loans, the maximum maturities and terms of payment or amortization of loans from time to time and the maximum amounts that may be loaned to any member as recommended by the Sacco society's management;
- (viii) Cause the audited accounts to be displayed in a conspicuous place at its registered office and branches at least Two (2) weeks before presentation of accounts to its members at the general meeting;
- (ix) Lay before the General Meeting audited accounts, together with proposals for the disposal of net surplus, if any;
- (x) Recommend to the General Meeting the dividend rate to be paid on shares, if any, and interest to be paid on non -withdrawable deposits;
- (xi) Fill through co-option, vacancies occurring in the board between General Meetings;
- (xii) Authorize the conveyance of properties;
- (xiii) Shall be responsible to the members for the production of the Annual Audited Accounts which shall be presented at an Annual General Meeting held not later than four months after the end of a financial year.
- (xiv) Authorize borrowing of the Sacco society in accordance with the law.
- (xv) Approve and review lending policies of the Sacco society to ensure compliance with the Law.
- (xvi) Approve or ratify all loans to directors and employees of the Sacco society;
- (xvi) Approve interest rates on loans to members as recommended by Finance committee,
- (xvii) Designate a depository or depositories for the funds of the Sacco society;
- (xviii) Prepare and approve a code of conduct in the form set out in the third schedule of the Regulations;
- (xix) Employ and fix the remuneration of the employees including the appointment of chief executive officer in accordance with the approved human resource policy;
- (xx) Report within fifteen (15) days the appointment, resignation or removal of the chief executive officer to the Authority
- xxi) Impose fines as provided for under these by-laws;

- xxii) Ensure that the Sacco Society pays its statutory levies to the Authority as and when they fall due;
- (xxiii) Ensure adequate provisions for known and probable losses and recommend to the General Meeting the write-off of bad debts.
- (xxiv) Perform or authorize any actions consistent with the Acts, the Regulations and these by-laws, unless specifically reserved for the General Meeting;
- (xxv) To Ensure adequate provision of budget for education and training of members, and the capacity development of the board and staff.
- (xxvi) Receive and consider reports from the established Board committees.
- (xxv) Make financial investments and report to the next Annual General Meeting.
- (xxvi) To act upon all applications for withdrawal or cessation of members to comply with rule.
- (xxvii) To appoint and remove the chief executive officer of a Sacco Society
- (xxviii) To report to the Authority, within fifteen days, the appointment, resignation and or removal of the chief executive officer.

57. EXPENDITURE

- 57.1 All expenditure shall be authorized by the board of Directors provided that the Board shall ensure that they provide for a contingency fund in their budget approved by the General Meeting to take care of the unforeseen circumstances.

58. LEGAL STANDARD OF CARE

- 58.1 In the conduct of the affairs of the Sacco society, the members of the board shall exercise the prudence and diligence of ordinary men of business and shall be held jointly and severally liable for any losses sustained through any of their acts, or failure to act, which are contrary to the Act, the Regulations, any other applicable law these By-laws or the directions of the General Meeting.

59. DELEGATION TO EMPLOYEES

- 59.1 The board may delegate to the Chief executive officer of the Sacco society such duties as it deems fit.

59.2 Nothing in (60.1) above shall absolve the board from its responsibility of running the affairs of the Sacco society in a proper and businesslike manner.

60. INDEMNITY

60.1 All Board Members shall each provide an indemnity of an amount of Kshs Three Million (Kshs.3,000,000/=) or as reviewed and approved by the General Meeting from time to time. A duly completed Form V in the schedule to the Rules shall be lodged with the Commissioner within fourteen (14) days upon election to the board.

61. DECLARATION OF WEALTH

61.1 Every board member shall within 30 days of being elected declare wealth to the Commissioner in the prescribed manner.

61.2 The Board of directors may suspend a Board Member and accordingly inform the Commissioner and the Authority subject to ratification by the general meeting.

62. REMOVAL OF A BOARD MEMBER FROM OFFICE

62.1 A member of the board shall cease to hold office if he/she:

- (i) Ceases to hold qualifications of a Board of Director as specified in the Act, Regulations and these By-laws;
- (ii) Is removed by the Authority under the provisions of the Act and Regulations;
- (iii) Is voted out by two-thirds majority of delegates present and voting at the General Meeting.
- (iv) Is removed by the Commissioner or the Authority under the provisions of Co-operative Societies Act and the Rules, or the Sacco Societies Act and Regulations.

63. SUSPENSION OF A BOARD MEMBER

- (i) The Authority may suspend from duty any Board Member charged in a court of law with an offence involving fraud or dishonesty pending the determination of the matter.
- (ii) The Board members may suspend a Board member subject to ratification by the general meeting for;

- a) Failure to disclose vested interests
- b) Any other good cause

64. BOARD CHAIRMAN AND VICE CHAIRMAN

64.1 The board chairman shall:

- (i) Preside at general meetings, board meetings and joint meetings with the Supervisory Committee.
- (ii) Perform such other duties as may be directed by the board, not inconsistent with provisions of the Act, the Regulations applicable laws and these by-laws.

64.2 The vice chairman shall perform the duties of the Chairman during his/her absence and such other duties as the board may direct.

65. HONORARY SECRETARY

65.1 The duties of the Honorary Secretary are to:

- (i) Cause minutes of the General Meetings, board meetings, and joint meetings with the Supervisory Committee to be recorded.
- (ii) Ensure that notices of the meetings are prepared and sent out.
- (iii) Ensure that the Sacco society's correspondence is promptly and correctly attended to.
- (iii) Perform such other duties as may be directed by the board.

66. TREASURER

The powers and duties of the National Treasurer shall be to be:

- (i) Cause the preparation of the society's annual budget
- (ii) Presentation of the Society's annual Budget during the annual General Meeting for approval.
- (iii) Perform any other duties assigned from time to time by the Board of Directors.

67. BOARD COMMITTEES

- 67.1 Board committees shall consist of persons drawn from the Board of Directors.
- 67.2 The Board may delegate to the Board-committees some of its duties under these by-laws as it deems fit.
- 67.3 These committees shall convene as directed by the board.
- 67.4 The Board committees:-
- i) Shall keep minutes of their work at all times
 - ii) May delegate to the management any of their functions but shall ultimately bear responsibility.

68. FINANCE, STAFF & ADMINISTRATION COMMITTEE

- 68.1 The Finance, Staff and Administration Committee shall consist of members appointed from the Board of Directors. The Treasurer shall serve as its Chairman. Its duties shall be:-

68.2 Finance Matters

- (i) To receive and consider the Sacco's annual budget and revisions of the same prior to its submission to the Annual Delegates Meeting for approval.
- (ii) To receive and consider the financial analysis of all proposed major capital developments.
- (iii) To review from time to time and propose amendments if deemed appropriate to the Sacco's procurement and disposal policies and procedures. Ascertaining that all tender awards made by management have complied with the Sacco's Procurement and Disposal procedures.
- (iv) To receive and consider the financial implications of any course of action proposed by the Sacco which involves an expenditure of or a write off of revenue or assets to the value as set out in relevant policies.
- (v) To review, recommend, do or cause to be done in consultation where necessary with other relevant Board Committees all measures considered necessary to reduce the Sacco's expenditure.
- (vi) To review options for raising capital.



68.3 Investment Matters

- (i) To review and give guidelines to management on the investment of Sacco funds and the Sacco's adherence to the investment policies established by law.
- (ii) To review the Sacco's marketing activities.
- (iii) To review and make recommendations to the Board regarding the Sacco's dividend policy.
- (iv) To review the placing of the Sacco's insurance portfolio and options for covering all insurable risks.
- (v) To report to the Board, its findings and recommendations in all matters listed above, and to undertake any other functions and projects as requested by the Board.

68.4 Strategic Planning Matters

- (i) Ensure the Board is regularly informed about the Sacco's key strategic plans and that the Board provides feedback and guidance to management.
- (ii) Review the resources available to management including business plans and financial, operational and human resources required to implement the agreed upon strategy.
- (iii) To ensure regular reviews of the status of execution against strategic objectives through reviews at Board meetings of product plans, development, execution and customer service.

68.5 Human Resources and Remuneration Matters

- (i) To review human resources development, organizational structure, compensation principles and practices and any significant changes.
- (ii) To review salary structures, bonus, benefits and other remuneration of management and staff (excluding the Chief Executive Officer).
- (iii) To review and propose recommendations on the compensation of the Chief Executive Officer to the Board for approval.



- (iv) To provide guidance as needed regarding major changes in compensation, benefit and retirement plans.
- (v) To review, prior to consideration by the full Board of Directors, management's proposals to make significant organizational changes in the Sacco.
- (vi) To oversee the Sacco's plans for management succession and development.

69. AUDIT AND RISK COMMITTEE

69.1 The Audit and Risk Committee shall consist of not more than three members appointed from the Board of Directors, one of whom shall be conversant with financial and accounting matters. The Chairman of the Board shall not be a member of the Audit and Risk Committee.

69.2 The primary responsibility of the Audit and Risk Committee shall be as prescribed in the Regulations which include:-

- (i) Ensuring that internal controls are established and effectively maintained to achieve a Sacco Society's financial reporting objectives;
- (ii) Reviewing internal controls including the scope of the internal audit program, the internal audit findings, and recommend action to be taken by management;
- (iii) Reviewing internal audit reports and their overall effectiveness, the scope and depth of audit coverage, reports on internal control and any recommendations and confirm that appropriate action has been taken;
- (iv) Ensuring that accounting records and financial reports are promptly prepared to accurately reflect operations and results;
- (v) Reviewing the coordination between the internal and external audit functions as well as monitor the external auditor's independence and objectivity taking into considerations relevant professional and regulatory requirements;
- (vi) Recommending three names of external auditors to the Board of Directors;
- (vii) Reviewing with the external auditors the scope of their annual audit plan, systems of internal audit reports, assistance given by management to the auditors and any findings and actions taken, and recommend the auditors remuneration to the board;



- (viii) Reviewing management reports and reports from the internal and external auditors concerning deviations and weaknesses in accounting and operational controls;
- (ix) Reviewing the Sacco Society's internal audit plan, with specific reference to the procedures for identifying regulatory risks and controlling their impacts on the Sacco Society, including receiving correspondence from the authority and the responses from management;
- (x) Monitoring the ethical conduct of the Sacco Society and considering the development of ethical standards and requirements, including effectiveness of procedures for handling and reporting complaints;
- (xi) Reviewing any related party transactions that may arise within the Sacco Society;
- (xii) Ensuring that relevant plans, policies and control procedures are established and properly administered.
- (xiii) Ensuring that policies and control procedures are sufficient to safeguard against error, carelessness, conflict of interest, self-dealing and fraud;
- (xiv) Investigating members complaints;
- (xv) Keeping minutes of their work; and
- (xvi) Considering any matter of significance raised at the Annual General Meeting.
- (xvii) The Audit and Risk Committee may delegate any of its functions to a nominee but shall ultimately bear the responsibility.
- (xviii) The Audit and Risk Sub-Committee shall report to the Board of Directors on measures taken to implement recommendations and corrections of findings reported.
- (xix) Ensuring establishment and review of the internal control system.
- (xx) Review performance and findings of the internal auditor and recommend remedial actions regularly and at least once in every three months;
- (xxi) Recommending three names of external auditors and the remuneration to the board;
- (xxii) Reviewing coordination between internal and external audit functions as well as monitor external auditors independence and objectivity;



69.3 Risk Management Tasks

- (i) The Committee shall review and assess the integrity of the risk control systems and ensure that the risk policies and strategies are effectively managed.
- (ii) The Committee shall set out the nature, role, responsibility and authority of the risk management function with the Sacco and outline the scope of risk management work.
- (iii) The Committee shall monitor external developments connected to accountability of Saccos and the reporting of associated risk, including emerging and prospective impact and in doing so will take into account concerns raised by management in the Audit and Risk Committee and also issues relating to asset liability management, Sacco finances and business and strategic risk.
- (iv) The Committee, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advise as it considers necessary to carry out its duties.
- (v) The risk management function shall have access to any information it needs to fulfill its responsibilities.

The Sub-Committee shall report to the Sacco Society Board of Directors on measures taken to implement recommendations and corrections of finding reported.

70. CREDIT COMMITTEE

70.1 The Credit Committee shall consist of members appointed from the Board of Directors. The Credit Sub-Committee shall have the responsibility of reviewing and overseeing the overall lending policy of the Sacco Society including to:

70.2 Credit

- (i) Review and oversee the overall lending policy of the Sacco.
- (ii) Review lending by the Management so that it is consistent with the relevant provisions of the Regulations and By-laws including a periodic sampling of processed loan applications to satisfy itself that management is adhering to the lending policies of the Sacco;
- (iii) Ensure that there are effective procedures and resources to identify and manage irregular problem credits, minimize credit loss and maximize recoveries;
- (iv) Ensure adequate provisions for potential loss is maintained



- (v) Direct, monitor, review and consider all issues that may materially impact on the present and future quality of the institution's credit risk management; and
- (vi) Review periodic credit and loan portfolio reports of the Sacco Society before submission to the Board.
- (vii) It shall ensure that "Loan Applications Register" is maintained and that the loan cheques schedule is prepared.
- (viii) The Credit Committee shall follow up loan repayment and act on loan defaulting.
- (ix) The Credit Committee must keep minutes of their meetings. The minutes must always state as in the register the number of the loan applications processed during the meeting.
- (x) Delegate and review lending limits to the sanctioning arms of the institution;
- (xi) Assist the Board with discharging its responsibility to review the quality of the Sacco's loan portfolio and ensuring adequate provisions for bad and doubtful debts in compliance with requirements of the prudential guidelines;
- (xii) Ensure that the Credit Policy and risk lending limits are reviewed at least on an annual basis and as and when the environment so dictates.
- (xiii) The Credit Committee shall make such reports to the Board of Directors as it may require.

70.3 FOSA

The Credit Committees shall have the following duties as relates to FOSA operations;

- (i) Accomplishing of the objective for the SACCO Society in relation to the objectives of the SACCO Savings Account;
- (ii) Approval of the admission and processing of withdrawal of members from the section;
- (iii) Ensure maintenance of accurate and up-to-date members' savings account records;
- (i) Ensure maintenance of Members Savings Register;



- (ii) Ensure members' savings and all other funds are safeguarded;
- (v) Recommend the terms and conditions of lending and savings;
- (iii) Ensure preparation and presentation of regular financial reports of the Sacco Savings Accounts to the Board of Directors;
- (viii) Pursue recruitment of members into the activity;
- (ix) Research on new products that may be accorded to members;
- (x) Ensure maintenance of good human and public relations amongst the staff and the external public;
- (xi) Ensure that proper banking practices are put in place at the Society's Front Office Services Activity;
- (xii) Determine and set liquidity ratios for the Sacco in collaboration with other societies and organizations and ensure that they are adhered to;
- (xiii) Ensure that the Sacco is a member of the Deposit Protection Fund and that all remittances to the Fund are done on time;
- (xiv) Ensure that all members are given proper services across the counter and all transactions are properly carried out;
- (xv) Perform such other duties as may be assigned by the Board of Directors from time to time;

71. EDUCATION AND GOVERNANCE COMMITTEE

This Committee shall be responsible for carrying the role of providing education to members, staff, management and the Board as well as ensuring the Sacco is governed in accordance with its code of corporate governance and all other relevant guidelines.

71.1 Co-operative Education and Training Tasks:

- (i) Identification and determination of education needs to the members, the Board, employees and of the potential members, in the principles and techniques of cooperativeness, both economic and democratic.
- (ii) Evaluating training activities due to:

- Limited supply of resources.
 - Feedback obtained during evaluation is intended for use in correction measures
 - Feedback obtained from evaluation activities motivated those implementing and those benefiting;
- (iii) To create good relations between the Board, staff, members, other cooperative suppliers, business and public at large for increased productivity of the Sacco;
- (iv) To acquire literature on behalf of the Society, with a view to setting up well stocked library. This could comprise of the Cooperative Act, Rules and By-laws, policies, cooperative texts and journals;
- (v) To arrange for education and tours in liaison with other members of the Board;
- (vi) To advise the Board and members in general on matters within their jurisdiction, such as in event of any changes in the policies and legislation;
- (vii) Ensuring that adequate funds have been allocated for education purposes and utilized properly, for the benefit of the whole Society;
- (viii) To represent the Sacco in other bodies carrying educational functions;
- (ix) Preparation of education reports on a fortnightly basis, monthly, quarterly, half-yearly or annually, depending on the needs of the Society.
- (x) Identification, collection and preparation of co-operative news on behalf of the Society. Annual Delegates Meetings, minutes authorized visits and interviews could constitute news.
- (xi) The main functions of the Board is to manage the affairs of the registered by-laws of that Society, plus implementation of the directives of the national cooperative agency and the Annual Delegates Meeting (ADM).

71.2 The Governance Tasks

- (i) To review annually, for Board approval, a Board Charter and manual outlining the policies and procedures by which the Board shall operate, and the terms of reference for the Board, the Chairman and Board Committees.

- (ii) To determine the performance measures to be deployed in assessing the performance of the business, the Chief Executive Officer, Chairman, individual directors and the Board as a collective entity.
- (iii) To recommend to the Board and implement each year, an appropriate evaluation process for the Board, the Chair, individual Board members and the Chief Executive Officer.
- (iv) To develop recommendations regarding the essential and desired experiences, skills and competencies for Board members of the Sacco;
- (v) To review, monitor and make recommendations regarding the induction and development of new Board members;
- (vi) To lead annual performance review for the Chief Executive Officer and his direct reports,
- (vii) To receive annual declarations on the fit and proper criteria for onward transmission to SASRA.
- (viii) To recommend to the Board the selection and appointment of the Chief Executive Officer.
- (ix) At the request of the Board, undertake such other corporate governance initiatives as may be necessary or desirable.
- (x) To supervise and monitor matters reported using the Sacco's whistle blowing or other confidential mechanisms for employees and third parties to report ethical and compliance concerns or potential breaches or violations;
- (xi) To investigate all allegations of violations of the Sacco's Code of Conduct by Directors and to recommend appropriate sanctions to the Board.

72. SUPERVISORY COMMITTEE

- 72.1 The Sacco society shall have a supervisory committee consisting of three members each drawn from Nairobi delegates elected at the General Meeting, by the delegates.
- 72.2 Their term shall be Three (3) years and One (1) member of the Supervisory Committee shall retire annually. They will be eligible for re-election.

- 72.3 The Supervisory Committee members shall choose among their members a Chairman and a Secretary. The Secretary of the Supervisory Committee shall prepare, maintain, and keep custody of the records of all actions taken, including written evidence of any audits performed by the Committee. Conditions for elections shall be the same as those of the members of the Board.
- 72.4 The Supervisory Committee members must not be employees of the SACCO or serving on the Central Board of Directors or any other Committee of the SACCO Society.
- 72.5 No person who has been a member of the supervisory committee within two (2) years preceding the date of the anticipated election shall be eligible for election to the board.
- 72.6 The committee shall:
- (i) Have qualifications similar to those of members of the Board.
 - a. Be required to have at least some knowledge of Book-keeping, Accounting, Auditing or financial management.
 - b. Provided that the Annual Delegates Meeting shall set the minimum qualification standards for the members of the Supervisory Committee from time to time
- 72.7 The supervisory committee shall hold quarterly meetings save for joint meetings between its members and those of the Board. The Chief Executive Officer or any authorized departmental head shall attend the Supervisory Committee and avail whatever information to the Committee as it may require
- 72.8 Honorarium and compensation to the Supervisory Committee shall be as approved by the Annual General Meeting
- 72.9 All Supervisory Committee Members must have a minimum deposits of not less than Kenya Shillings One million (1,000,000.00) and shares capital of Kenya Shillings twenty thousand (Kshs.20,000/=) to qualify to be members of the Supervisory Committee by 31st December preceding the election and shall each provide an indemnity of an amount of Kenya Shillings One Million (1) or as reviewed and approved by the General Meeting from time to time. A duly completed Form V in the schedule to the Rules shall be lodged with the Commissioner within fourteen (14) days upon election to the board.
- 72.10 His or her salary must be processed through the Society's Front Office Service Activity (FOSA) for a minimum of eighteen (18) months preceding the Society's elections and must have been saving consistently.

73. DUTIES OF THE SUPERVISORY COMMITTEE

- 73.1 The duties of the supervisory committee shall include:

(i) Counterchecking, the effectiveness of the society's internal control systems through:-

- a) Verification of all transactions of the Sacco society
- b) Writing periodic report to be tabled at board meetings
- c) Submission of its reports to the commissioner
- d) Presenting its reports to general meeting.
- e) Check minutes of General Meeting, Board of Directors and Delegates

Meetings for policy matters following the stated objectives;

f) Ensure the proper interpretation of loan policies, By-laws, Co-operative Societies Act and Rules, Annual General Meeting resolutions, policies of the Board, and their implementation;

g) Follow the laid down procedures and protocol by asking the Chief Executive Officer to avail to them the various books, records and any information that they may require.

h) Analyze expenses of the SACCO in relation to the budget and give their cost effectiveness and sustainability to the Management Committee.

i) Perform other duties as may be consistent with the expected roles of the Supervisory Committee.

j) Do all other things necessary to achieve the objects of the Sacco Society in accordance with its By-laws.

73.2 The Supervisory Committee shall not perform the duties or exercise any of the powers of the Board of the Society.

73.3 In spite of its total independence from the SACCO's administration, the Supervisory Committee members are jointly liable for the non-performance of duties, whether resulting from the lack of supervision or negligence in noticing illegal and fraudulent acts.

74. SOCIETY EMPLOYEES

74.1 The Board of Directors shall have powers to appoint paid employee(s) to carry out such duties as may be require by the Board of Directors in accordance with Kenya Labour Laws and the Society's Terms and Conditions of Employment.

74.2 All appointments shall be done in a transparent manner and in line with the best practices in the Market.

74.3 The Board of Directors may require all employees of the Society to provide such indemnity as and when deemed necessary.

75. THE CHIEF EXECUTIVE OFFICER

75.1 The Chief Executive Officer shall be appointed by the board and shall be responsible for the day to day operations of the Sacco society and in particular ensure;

- (i) The implementation of and adherence to the policies, procedures and standards;
- (ii) Systems that have been established to facilitate efficient operations and communication are followed
- (iii) The planning process that has been developed to facilitate achievement of targets and objective is adhered to.
- (iv) All staff matters, particularly human resource development and training are attended to.
- (v) Adherence to the established code of conduct;
- (i) Compliance with the Act, Regulations, Co-operative Act, Rules these by laws and any other applicable laws.

75.2 The Chief Executive Officer shall ensure that the Board of Directors is frequently and adequately appraised on the operations of the Sacco Society through presentation of relevant reports which shall cover, but not limited to the following:-

- (i) Financial statements (monthly, quarterly and annual);
- (ii) Showing current compared with past period actual performance, the budget compared with the actual and with explanations for any variances;
- (iii) Capital structure and adequacy;
- (iv) Delinquent loan list, and in particular growth in loans, loan losses, recoveries and provisioning;
- (v) Statement of comprehensive income (monthly, quarterly and annual) comparison with budgeted against actual;

- (ii) Sources and application of savings and deposits;
- (vii) All insider lending and non-performing insider loans if any.
- (viii) Violation of the Act, these regulations and any other applicable law, and remedial actions taken to comply;
- (ix) Large risk exposures;
- (iii) Investment portfolio;
- (iv) Any regulatory reports, and internal reports; and
- (v) Any other relevant areas to the Sacco Society's operations.

75.3 The Chief Executive Officer shall;

- i) Attend all board and general meetings as an ex-officio member.
- ii) Be a signatory to Sacco Society cheques, contracts and other documents as may be necessary.
- iii) Perform such other duties as may be assigned by the Board of Directors.

76. BOOKS OF ACCOUNTS AND RECORDS

76.1 The Sacco society shall keep up to date and in a proper business-like manner, electronic or otherwise, such books of accounts and records as stipulated in Acts and Rules, and in particular:-

- i) A register of members showing in respect of each member:
 - (a) Name, age, date of application for membership, address and occupation;
 - (b) Date of admission to membership;
 - (c) Date of cessation of membership,
 - (d) Name and particulars of nominees,
 - (e) Any other information as may be required by the Sacco society from time to time, and
 - (f) Number and Value of shares held

- ii) Minute books giving details of proceedings of board, Board committees, joint board and Supervisory Committee, Supervisory Committee meetings and all other committee meetings held in accordance with these by-laws.
- iii) Minute book giving details of proceedings at the General Meetings.
- iv) A cashbook showing the details of all monies received or paid out by the Sacco society.
- v) A general ledger containing such accounts as is necessary to accurately reflect the business of the Sacco society.
- vi) A personal ledger for each member showing his/her transactions with the Sacco society.
- vii) A register of assets and property.
- viii) A register of loans to members showing in respect of each loan; the loan number, name of the borrower, the amount borrowed, the purpose of the loan, security, the due date of repayments and the date repayments were completed.
- ix) Such other books and records as the board or the Authority may decide or prescribe.

76.2 The accounts and the financial records of the Sacco society shall be denominated in Kenya shillings and shall comply with international financial reporting standards and any reporting requirements prescribed by the Authority.

77. POLICIES & PROCEDURES

77.1 The board shall make and approve such policies and procedures that is and not limited to the following;

- i) Membership Policy
- ii) Credit Policy
- iii) Investment Policy
- iv) Human Resource Policy
- v) Dividends Policy
- vi) Risk Management Policy



77.2 Other Policies as prescribed in the Regulations will be developed for the conduct of the Sacco society's business. Any such policies and procedures shall be recorded in the minute book.

78. CODE OF CONDUCT

78.1 The officers of the Sacco society shall comply with governance rules as prescribed by the Ethics Commission for Co-operatives.

78.2 The Sacco society shall formulate a code of conduct in accordance with third schedule of the regulations which shall be approved by the Authority.

79. COMMON SEAL

79.1 The Sacco society shall adopt and use a common seal. The seal shall have an imprint bearing the words "seal of **Harambee DT- Co-operative Savings and Credit Society Limited**" which shall be different from the ordinary name-stamp of the Sacco society.

i) The seal shall be kept securely under lock and key by the chief executive officer and be used only in the presence of the officers authorized to sign documents on behalf of the Sacco society.

ii) Where the common seal is used in any document it shall be authenticated by the signature of the board chairman and the chief executive officer or any other officer authorized by the board of the Sacco society.

80. REGULATIONS

The Board of Directors may make such rules not inconsistent with these by-laws, as they may deem necessary for the conduct of the society's business. Any such regulations shall be recorded in the minute book and shall be posted on the society's notice board, and shall come into force when and as determined by the Board of Directors.

81. FINANCIAL YEAR

81.1 The financial year of the Sacco society shall be from 1st January to 31st December

82. CONFLICT OF INTEREST

The Board of Directors, Supervisory Committee, and the Employees of the society shall comply with the Society's code of conduct in matters of Society's business operations.

83. AUTHORIZATION TO SIGN DOCUMENTS

- 83.1 Contractual transactions of the Society shall be signed by three of the following:-
- (i) Chairman or in his absence, the Vice Chairman, Secretary, Treasurer and the Chief Executive Officer
 - (ii) The Chairman, or Vice Chairman, Treasurer or Secretary and either the Chief Executive Officer or Finance Manager to endorse final transaction.
- 83.2 Chief Executive Officer, or any two Executive Officials or any other person authorized by the board on its behalf.
- 83.3 Unless otherwise stated, the documents of the SACCO shall be deemed official provided they carry the official stamp and designated signatures referred to above.
- 83.4 The books, accounts and all other documents of the SACCO shall be permanently at the disposal of the Board of Directors, Supervisory Committee or any other authorized person or Organization. Information from the records shall be kept very confidential.

84. AUDIT OF THE SOCIETY'S BOOKS OF ACCOUNTS

- 84.1 The Society shall forward to the Authority, for approval, three proposed names of external auditors, 30 days prior to the Annual General Meeting that that will select one auditor for its books. The proposed names shall comply with Rule 12(2) of the Co-operative Rules made under the Co-operative Act.
- 84.2 The Society shall submit to the Authority the selected names of the external auditor Thirty (30) days after the Annual General Meeting together with an extract of minutes appointing the external auditor.
- 84.3 The Auditor shall present the audited accounts of the Society to the delegates at a general meeting only after the accounts have been submitted to the Commissioner and the Authority in such form as prescribed.
- 84.4 The Society shall pay such audit and supervision fees as the General Meeting may authorize the Board to determine in accordance with the Co-operative and Sacco Acts, Rules and Regulations.

85. DEPOSIT GUARANTEE FUND

The Society shall pay the assessed annual premiums to the Deposit Guarantee Fund.



86. LOANS TO MEMBERS

The society shall formulate a Credit Policy and a loans procedure manual, which are prescribed in clause 27(2) rules 2004, Sacco Policy and Regulation 28 of the Sacco Society Act.

87. DISTRIBUTION OF SURPLUS FUNDS

87.1 Subject to the Act, Regulations and approval by the General Meeting, the net surplus resulting from operations of the Sacco society during any financial year may be disposed off follows:

- (i) Credited to the Reserve Fund, including the appropriation account.
- (ii) Disposed of as decided by the General Meeting for:
 - (a) Paying dividends on shares
 - (b) Being forwarded to Education Fund or any other fund or funds of the Sacco society including the appropriations.
 - (c) Paying honorarium to Board of Directors and bonus to staff.
 - (d) After making the required allocation to the Reserve Fund, applying a specified amount of the remaining net balance to any charitable cause **NOT Exceeding the amount prescribed by the law** purpose as the Society's corporate social responsibility as may be recommended by the Board of Directors.
 - (e) In any other way recommended by the board and approved by the General Meeting.

87.2 Detailed policies and procedures shall be provided by the Board of Directors regarding payment of dividends.

87.3 Payment of interest on deposits shall be based on the terms and conditions provided in the Savings Policy.

87.4 However interest on deposits shall be paid to members in good standing orders. A member in good standing is a member who has not defaulted in his/her remittances, deposits, loans repayment and interest for more than three (3) months.

88. FINES

88.1 For any breach of these by-laws or lawful instructions issued by the Board and Delegates Meeting, or failure to honour his obligations on time, the member may be fined an

amount not exceeding Kshs.20,000.00. for each offense notwithstanding any other action that may be taken against him in accordance with the Act, Rules, these By-laws or any other law.

88.2 The Board of Directors of the society shall have powers to hear and determine matters relating to any alleged violation of By-laws by a member.

89. DISPUTES

89.1 If any dispute concerning the business of the Sacco society arises: -

- (i) Among members, past members and persons claiming through members, past members and deceased members; or
- (ii) Between members, past members or deceased members, and the Sacco society, its committee or any officer of the Sacco society; or
- (iii) Between the Sacco society and any other co-operative society;
- (iv) Between the Sacco society and the Authority

89.2 Which cannot be determined by the Board of Directors (or Delegates Meeting), it shall be referred to the Tribunal. Appeals shall be referred to the High Court.

90. CONFIDENTIALITY BY OFFICERS OF THE SOCIETY

- i). The Chief Executive Officer, members of the Board of Directors and employees of the society shall hold in the strictest confidence all transactions of the society, with its members, and all information respecting their personal affairs, except to the extent deemed necessary by the Board of Directors in connection with the loans and the collection thereof.
- ii). In cases of breach of confidentiality, besides the resulting action for damages, the responsible party shall be removed from the office or their employment terminated if proven guilty.

91. ACQUISITION OF BY-LAWS

Any person may purchase a certified copy of these By-laws from the registered office of the society upon payment of a fee as may be determined by the Board of Directors from time to time.

For purposes of this provision, a copy of the By-laws shall be deemed duly certified provided it is endorsed in compliance with By-law 79(b) of these By-laws.

92. MISCELLANEOUS

- 92.1 No board member or Supervisory Committee member shall receive from the Sacco society any payment apart from sitting allowance, and traveling and subsistence allowance, except an honorarium from the net surplus as allowed in these by-laws.
- 92.2 The board and supervisory committee members, and employees of the Sacco society shall hold in the strictest confidence all transactions of the Sacco society with its members.
- 93.3 No member of the board or supervisory committee shall in any manner participate in the deliberations and determination of any question affecting his/her financial interest. In the event of any disqualification, the remaining qualified board or supervisory committee members present at the meeting, if constituting a quorum with the disqualified person may exercise, with respect to the matter, all powers of the board or committee.
- 93.4 A copy of these by-laws shall be furnished to every member who joins the Sacco society or on request upon payment of a fee not exceeding its actual cost to the Sacco society.

94. INSPECTION OF DOCUMENTS

- 94.1 All books of accounts and other records shall at all times be available for inspection by the Authority, supervisory committee and the members.
- 94.2 The by-laws of the Sacco society and the registration certificate shall at all times be available for inspection by the Authority and the Commissioner.
- 94.3 A list of members (excluding details of nominees and shareholdings, deposits and loans) shall be available for inspection by any member upon payment of a prescribed fee.

95. INQUIRIES AND INSPECTIONS OF THE SOCIETY

- 95.1 The Authority may carry out inquiries and inspections into the affairs of the Society in accordance with the Sacco Act and the Regulations.
- 95.2 All books of accounts and other records shall at all times be available to the members and the Board. A copy of the Co-operative Act, the Sacco Act, the Rules, Regulations, Registration Certificates, these By-laws and a list of its members, excluding details of nominees, shareholdings and loans, shall be available for inspection by any person free of charge at all reasonable times during business hours.
Creditors may also inspect the register of charges without a fee.

96. SOCIETY'S DEBTS

96.1 In case of debts due to the Society from a member or debts owing to a member or past member of the Society, a delegates meeting of the Society may, at its discretion, issue such instruction to the Board of Directors for liquidation of the debts as may be necessary or refer the dispute to the tribunal.

The Society may request the commissioner to intervene in case the employers fail to remit deductions from members' salaries on expiry of seven (7) days from the date of such deductions.

97. AMENDMENT OF SOCIETY'S BY-LAWS


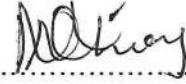



97.1 These by-laws shall be amended in accordance with the Cooperative Act and the Rules, the Sacco Societies Act and Regulations thereof but no amendment shall become effective until it is approved and registered by the Commissioner.

98. DISSOLUTION OF THE SOCIETY

98.1 The Sacco society may be dissolved in accordance with the procedures set forth in the Co-operative Act, Sacco Societies Act and Regulations and the Rules thereof.

99. ACCEPTANCE

99.1 We, the undersigned Board Members of Harambee-DT Co-operative Savings and Credit Society Limited named herein do hereby accept these by laws for and on behalf of the said Sacco society.


TITLE	NAME	ID. NO.	SIGNATURE:-
CHAIRMAN	Mackend Makenzi	10434521	
VICE CHAIRMAN	Mulicet Simiyu	10127935	
HON. SECRETARY	Rollen Gertwin	22277400	
TREASURER	Charles Romolo	1644533	
CHIEF EXECUTIVE OFFICER	Dr. George Ochiari	13384294	

OFFICIAL CERTIFICATION I CERTIFY that the foregoing by-laws of the HARAMBEE DT-Co-operative Savings and Credit Society Limited have been approved and duly registered

Given under my hand at Nairobi this 2nd Day of December 2022

DAVID K. OBONYO

COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT




FORM III

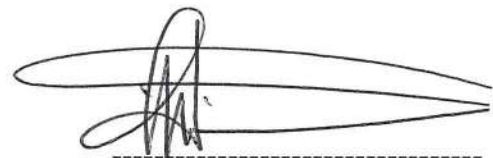
CO-OPERATIVE SOCIETIES ACT

CERTIFICATE OF AMENDMENTS OF BY-LAWS

We, **Mr. Macloud Mukiti Malonza** and **Ms. Rollah Gatwiri**

Chairman and Hon. Secretary of Harambee DT Co-operative Savings and Credit Society Limited hereby:

- a. That the enclosed amendment for the by-laws made at a general meeting held on **22nd February, 2021.**
- b. That on that date there were **441** delegates voted society of whom 441 were present in the meeting.
- c. That 441 delegates voted for the amendment.
- d. That proper notice of the meeting and the proposed amendment were issued to all members of the society.



Chairman

COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

Date: 



Secretary

APPROVED
DAVID K. OBONTO.
COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

2nd / 12 / 2022.



