

UTAFITI  
SAVINGS AND CREDIT  
CO-OPERATIVE SOCIETY LIMITED REGULATED NON-WDT SACCO

(C.S.2959)

BY-LAWS

P.O. Box 30709  
Nairobi 00100  
Kenya

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# UTAFITI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

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## BY-LAWS

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## **PREFACE**

These bylaws provide a framework for the operation and management of the SACCO. They address a broad range of matters concerning the SACCO's organization and governance, the relationship of the SACCO to its members, and the procedures and rules the SACCO follows. Utafiti SACCO Board of Directors incorporated the SACCO's Bylaws as per the SASRA regulations 2020. This document supersedes the previous SACCO bylaws.

## **1.0 NAME AND AREA OF OPERATION**

### **1.1 NAME**

The society shall be called Utafiti Savings & Credit Co-operative Society Limited Regulated Non-WDT-SACCO hereinafter referred to in these By-laws as "the Society".

### **1.2 AREA OF OPERATION**

The SACCO Society's area of operation shall be in Kenya.

### **1.3 CHANGE OF NAME OR AREA OF OPERATION**

The SACCO Society shall not change its name or area of operation or propose the change of its name or area of operation except with a prior written approval of the General Meeting.

## **2.0 INTERPRETATIONS AND DEFINITIONS**

### **2.1 GENERAL INTERPRETATION**

In these By-Laws, unless the context otherwise suggests words or phrases shall be interpreted in accordance with the –

- a) SACCO Societies Act, No. 14 of 2008 (hereinafter referred to as the SACCO Societies Act.
- b) SACCO Societies (Non-Deposit Taking Business) Regulations, 2020 (hereinafter referred to as the Regulations, 2020.
- c) Co-operative Societies Act (Cap 490) (hereinafter referred to as the Cooperative Societies Act.
- d) Co-operative Societies Rules, 2004 (hereinafter referred to as the Cooperative Societies Rules.

### **2.2 GENDER NEUTRALITY**

In these By-Laws where the masculine gender is referred to, it will be construed to include the feminine gender.

### **2.3 SPECIFIC INTERPRETATION**

In these By-Laws save as otherwise expressly stated:

- a) "Eligible person" is a person eligible to be a member per prescribed criterions under section 6 of these By-laws.
- b) "Commissioner" means the Commissioner of Co-operative Societies.
- c) "Member in good standing" means a member who is current in the repayment of his loans due to the Society and who is current on making his 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 this society.

- d) "Net surplus" means the amount of income excess of the Society's expenses; net surplus is the amount computed after any allocation is made for members' dividends and/or interest to be paid on deposits.
- e) In these by-laws the use of the male gender refers also to the female gender.
- f) "AGM" means Annual General Meeting.
- g) "Supervisory Committee" means an oversight Board elected at a General Meeting.
- h) "Board of Directors" means the governing authority in the Society.
- i) "SACCO" means Utafiti Savings and Credit Co-operative Society Limited.
- j) "Society" refers to Utafiti Savings and Credit Co-operative Society Limited.
- k) "Member" means a person admitted to membership in accordance with these by-laws.
- l) "Manager" means the person managing daily affairs of the society or one acting on his behalf.
- m) "Tribunal" means the Co-operative Tribunal established under section 77 of the act to hear and determine disputes under the act and rules.
- n) "Commissioner" means the Commissioner for Co-operative Development.
- o) "Institutional capital" means and is comprised of statutory reserves, appropriation accumulated account and any other reserve established by the society's Board for which there is no claim.
- p) "Minors" shall mean persons who are less than 18 years of age but who benefit from some of the services of the SACCO.
- q) "Immediate family" includes the spouse, parents and children of a member whether living in the same household or not, and any other individual living together in the same household as the member.
- r) "General Meeting" shall be read as the annual general meeting or special general meeting.
- s) "Deposit", means an amount that a member saves with the society more than the minimum shares or a sum of money 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 society receive it at the risk of the society receiving it.
- t) "Share" means the amount represented by a member's position in the equity of a Society as co-owner.
- u) "Share Redemption Fund" means money set aside not exceeding Kenya Shilling (KES) 50,000 to facilitate the purchase of share capital from member's leaving the society prior to purchase or transfer to either new or existing members.
- v) "Guarantor" means a person or persons who support a member's application for loan and undertake to contribute an agreed portion of their own deposits in the society to make good any default by the member to repay the loan in full.
- w) "Financial Year" means in relation to the society, the period in respect of which its profit and loss account laid before it in general meeting is made up, whether that period is a year or not.
- x) "Entrance Fee" means fee paid by an applicant for membership of the society whether or not admission is granted. Such fee is non-refundable.
- y) "Society Notice Board" means physical notice board at society offices or any other means of communication to members on their registered contacts.

## **2.4 QUESTIONS CONCERNING WORDS AND PHRASES IN THESE BY-LAWS**

Any questions concerning interpretation of these by-laws or any matters not provided for therein, errors and omissions shall be referred to the Co-operative Tribunal whose decision shall be final and conclusive.

## **3.0 REGISTERED OFFICE & CONTACT ADDRESS**

### **3.1 HEAD-OFFICE LOCATION**

The registered office of the Society shall be located at: INTERNATIONAL LIVESTOCK RESEARCH INSTITUTE-KABETE NAIROBI within Kabete constituency in Dagorreti Sub-county.

### **3.2 POSTAL AND ELECTRONIC ADDRESSES**

The Postal Address of the SACCO Society shall be care of Post Office Box Number 30709, NAIROBI GPO 00100, KENYA and the official email address of the SACCO Society shall be: - [utafiti@cgiar.org](mailto:utafiti@cgiar.org), and the official website of the SACCO Society shall be <https://www.utafitiSACCO.org/> Tel. 020 4223228/3028.

### **3.3 CHANGE/RELOCATION OF HEAD-OFFICE**

The SACCO Society shall not change or relocate its registered head-office or any other place of business or any addresses, except with a prior written approval of the Authority as provided in the SACCO Societies Act and the Regulations, 2020.

### **3.4 NOTICE OF CHANGE OF ADDRESS**

A notice of any changes in the postal and/or physical address and/or any other official address of the SACCO Society, including official electronic addresses (email, website and telephone) shall be furnished to the Commissioner; the Authority, 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 changes.

### **3.5 OPENING OTHER PLACES OF BUSINESS**

The SACCO Society may from time to time open and operate a place of business, other than its head office, including a branch, marketing office, satellite office or an outlet; provided that prior to opening and operating a place of business, the SACCO Society shall –

- a) Notify the Authority in writing of such intention at least ninety days before opening the new place of business,
- b) Obtain a written approval from the Authority before opening the new place of business.
- c) Pay to the Authority the prescribed fee, and
- d) Prominently display the authorisation to operate the place of business at the new place of business.
- e) Approval by the AGM

## **4.0 OBJECTS OF THE SACCO SOCIETY**

### **4.1 GENERAL OBJECTS**

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.



## **4.2 SPECIFIC OBJECTS**

In particular, the SACCO Society shall –

- a) 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,
- b) Ensure personal growth through the introduction of new financial products and services that will promote the economic base of the members,
- c) 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,
- d) To offer to the member's complementary savings and credit services and other financial products as may be required by the members from time to time,
- e) To ensure safety and soundness of the member funds through a Risk management,
- f) Apply the co-operative principle of co-operation among co-operatives in order to promote members' interests, and in furtherance to this and other objects, the SACCO Society may affiliate to the relevant National Cooperative Union and the Apex society,
- g) For the attainment of all or any of its objects, do any other activity that are permissible under the SACCO Societies Act and the Regulations, 2020; the Co-operative Societies Act and the Co-operative Societies Rules, and these By-Laws: and all such other activities as are incidental or consequential to the economic enhancement of its members interests provided such activities are approved by the General Meeting.

## **4.3 PROHIBITED BUSINESS**

Notwithstanding the general and specific objects herein above, the SACCO Society SHALL not engage in –

- a) Foreign trade operations.
- b) Dealing in crypto currencies.
- c) Trust operations.
- d) Custodial services.
- e) Investing in venture capital.
- f) Underwriting or placement of securities.
- g) Purchase or otherwise acquisition of any land except as may be reasonably necessary for the purpose of expanding the SACCO business beyond the prescribed limits.
- h) Transacting business with non-members.
- i) The establishment of a corporate body or any other legal entity as its subsidiary, except with a written approval from the Authority and in accordance with the SACCO Societies Act and the Regulations, 2020; or
- j) Any other activity or business as the Authority may generally or specifically direct.

## **4.4 UTAFITI VISION**

To be the leading and preferred SACCO in Kenya providing sound financial services to its members.

#### 4.5 UTAFITI MISSION

To empower members, build wealth by providing savings and credit facilities effectively and efficiently.

#### 5.0 CO-OPERATIVE PRINCIPLES AND VALUES

Cooperatives are based on the values and principles of self-help, self-responsibility, democracy, equality, equity, solidarity, social responsibility and caring for others. Utafiti affirms its commitment to these values and principles and in addition, binds itself to the following Core values: Customer focus, Teamwork, Integrity and Professionalism.

#### 5.1 CO-OPERATIVE PRINCIPLES

To achieve the objects for which it is established, the Society shall practice the following co-operative principles:

- a) **Voluntary and open membership:** Membership of Utafiti SACCO shall remain voluntary and shall be open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination."
- b) **Democratic member control:** The control of Utafiti SACCO shall rest with the members, who actively participate in setting their policies and making decisions. Elected officials are accountable to the membership. All members shall have equal voting rights (one member, one vote).
- c) **Economic participation by members:** Members of Utafiti are expected contribute equitably to, and to democratically control, the capital of their co-operative. At least part of that capital would be the common property of the co-operative. Members shall receive limited compensation, if any, on capital subscribed as a condition of membership. Members shall allocate surpluses for any or all the following purposes:
  - i. Develop their co-operative, set up reserves, part of which at least would be indivisible.
  - ii. Benefit members in proportion to their transactions with the Co-operative; and,
  - iii. Support other activities approved by the membership.
- d) **Autonomy and independence:** Utafiti shall be considered an autonomous, self-help organization controlled by its members. If Utafiti enters into agreements with other organizations, including governments, or raise capital from external sources, the terms agreed upon shall ensure the democratic control by its members and maintain their co-operative autonomy.
- e) **Education, training and information:** Utafiti shall strive to provide education and training for their members, elected representatives, managers, and employees to enable them to contribute effectively to the development of the SACCO. It shall continuously carry out member education to stress the importance of SACCO membership.
- f) **Co-operation among Co-operatives:** In view of serving its members more effectively and strengthen the SACCO movement, Utafiti will continuously strive to work together through local, national, regional and international structures.
- g) **Concern for community in general:** Utafiti will work for the sustainable development of its community through policies approved by the members.

## **5.2 CO-OPERATIVE VALUES AND ETHICAL BELIEFS**

The SACCO Society shall in all its activities and operations uphold the Cooperative Values of self-help, mutual responsibility, equality and equity; and practice the Co-operative Ethical beliefs of honesty, openness and social responsibility.

## **5.3 UTAFITI CORE VALUES**

- Customer focus
- Teamwork
- Integrity
- Professionalism
- Equity

## **5.4 OBJECTIVES**

- (a) To encourage thrift among its members by affording them an opportunity for accumulating their savings.
- (b) To create a source of funds at a fair and reasonable rate of interest.
- (c) To provide an opportunity for each of its members to improve the members respective economic and social conditions.
- (d) To provide members with credit for purposes of providence or production or both.
- (e) To offer to the member's complementary savings and credit services and other financial products as may be required by the members from time to time.
- (f) To ensure safety and soundness of the member funds through a Risk Management Program or appropriate insurance coverage.
- (g) To ensure growth of its members by educating them continuously on prudent financial management practices.
- (h) To perform the function and exercise the powers designated for Savings and Credit Co-operative Societies under the applicable law for the benefit of the members.
- (i) For the attainment of the above objects, the Society may do all acts and things that are permissible under the Act, the Rules and these by-laws provided that such acts or things are approved by members at general meetings either specifically or generally.
- (j) Undertake Front Office Services Activities (FOSA) as deemed fit.
- (k) Provide Loans to members using land and/or buildings as collateral.

## **6.0 MEMBERSHIP OF THE SACCO SOCIETY**

### **6.1 MEMBERSHIP COMPOSITION**

Members of the Society shall consist of:

- (a) Original members who signed the application for registration; and
- (b) New members subsequently admitted in accordance with these By-laws.
- (c) Former employees of the organizations listed in 6.2 "a" below

### **6.2 ELIGIBILITY TO MEMBERSHIP**

A person of either gender shall be eligible for membership who possesses all the following qualifications:

- a) Is within the field of membership consisting of the following common bond: Employees of the International Livestock Research Institute (ILRI), International Potato Centre (CIP),

African Agricultural Technology Foundation (AATF), Centre for Agriculture and Biosciences International (CABI), St. Lawrence University, Bioversity International (BIOVERSITY), Africa Harvest Biotech Foundation International (AHBFI) and other organizations vetted by the Board and approved at the Annual General Meeting OR is a spouse of any of the members above.

- b) Is not less than eighteen years of age (read together with (g) below).
- c) Is of good character and good standing.
- d) Is not a member of another SACCO society dealing with the same objectives.
- e) Is not directly or indirectly, a money lender, cash debt collector or carrying out such activities detrimental to the objectives of the SACCO.
- f) Is in employment, occupation or profession which falls within the category or description of those for which the co-operative is established.
- g) Is a member of the immediate family of the primary member, under this case, candidates who are less than 18 years could be eligible BUT they would have to remain under the guardianship of the primary member.
- h) A member who stops working for the common employer shall have a right to remain a member of the society.
- i) Individual members introduced by the Utafiti members and vetted by the board.

### **6.3 PROHIBITION AGAINST DUAL MEMBERSHIPS**

No member of the SACCO Society shall belong to more than one SACCO Society serving similar purpose or objectives.

### **6.4 APPLICATION FOR MEMBERSHIP**

Every applicant for membership shall complete an Application for Membership Form, which shall require the applicant to disclose all the details and information necessary for the registration of a member, as well as comply with the international best practices on customer due diligence.

### **6.5 ADMISSION**

- a) Every applicant for membership shall complete an "Application form for Membership". This form may be drawn to collate all the information required for the purposes of a Register of Members. The completed form, when filed in serial order, shall constitute the Register of Members as required under the Co-operative Act.
- b) An applicant shall be admitted to membership on being accepted by a majority vote of the Board of Directors but shall not qualify for the rights and privileges of membership until he has paid an entrance fee of KES.1000, or any other amount as may be revised and subsequently ratified by Members at a General Meeting.
- c) Every member shall receive a Photo card, which shall contain full particulars of his membership. If such a photo card is lost, issuance of a duplicate may be authorized by the Board of Directors upon payment of such a fee as it may determine from time to time.
- d) Every member shall have his name in the Register of Members kept for that purpose, which shall contain full details of membership. A separate record shall be maintained for the Member's shares, deposits, and loan transactions with the society. Entry into the Members' Register shall be conclusive evidence that the person named therein is a member of the society.
- e) In the case of a society using the "check-off system" for payment on members' shares and deposits, and for loan payments, the Board of Directors may direct that a periodic

"Statement of Account" containing a record of the members' transactions with the society, shall be sent to every member not less frequently than once every three months.

#### **6.6 ADMISSION INTO MEMBERSHIP**

An applicant shall be admitted to membership of the SACCO Society on application upon payment of an entrance fee of Kshs. 1,000 and purchase of minimum shares as shall be fixed by the General meeting from time to time.

#### **6.7 MEMBERS' NAMES TO BE ENTERED INTO THE MEMBERS REGISTER**

Upon admission into the membership of the SACCO Society, the member's name and other particulars shall be entered in the membership register and a unique membership number issued to the member.

#### **6.8 MINIMUM CONTENTS OF THE MEMBERS' REGISTER**

The Members' Register shall be maintained in accordance with regulation 21 of the Regulations, 2020 and shall at the minimum contain the following information and details for each member –

- a) The name of the member in full.
- b) The unique number assigned to the member.
- c) The national identity card number or passport number of the member or any other national identification number assigned to the member pursuant to any applicable law.
- d) The personal identification number (PIN) of the member issued by the Kenya Revenue Authority.
- e) The number of shares subscribed to by the member.
- f) The total value of the shares subscribed to by the member.
- g) The gender of the member.
- h) The date of birth of the member.
- i) The addresses of the member including postal, physical, email address or other electronic addresses.
- j) The names and addresses of the next of kin of the member; and
- k) any other information or details as the Authority may prescribe or direct.

#### **6.9 ELECTRONIC MEMBERS' REGISTER**

The SACCO Society shall at all times maintain a members' register in an electronic format using a Management Information System (MIS) that conforms to the requirements of regulation 5(4)(b) of the Regulations 2020.

#### **6.10 BOARD OF DIRECTORS TO ADMIT MEMBERS**

Upon vetting, members shall be admitted to the SACCO Society by the Board of Directors subject to confirmation/ratification by the General Meeting held immediately following such admission.

#### **6.11 MEMBERS ENTITLED TO COPY OF BY-LAWS**

Upon admission into the membership of the SACCO Society, a member shall be entitled to receive a copy of these By-Laws in an appropriate electronic format through the member's disclosed electronic email address; provided that upon request in writing a member shall be supplied with a physical or hard copy of the By-Laws upon payment of a fee not exceeding its actual cost.

## **6.12 REFUSAL OF ADMISSION**

The Board of Directors may refuse admission to the membership of the SACCO Society, to any person or institution applying for membership, and shall assign reasons for such decision; provided that a person or institution, if otherwise eligible for membership, shall have the right to appeal to the next General Meeting.

## **6.13 RIGHTS OF MEMBERS**

A member of the SACCO Society shall have the right to –

- a) Attend, participate and vote in decision making at all General Meetings of the SACCO Society.
- b) Be elected to governance organs of the SACCO Society, subject to compliance with any written law and these By-Laws.
- c) Enjoy the use of all the facilities and services of the SACCO Society, subject to compliance with any written law and these SACCO Society's By-Laws.
- d) Access all legitimate information relating to the SACCO Society, including a copy of these By-Laws; any internal Policies and Procedure Manuals; registers; minutes of General Meetings and Supervisory Committee reports; Annual Financial Statements; and any other inventories or accounts at the SACCO Society's registered office;
- e) To be furnished with a free statement for each account that provides adequate details of each transaction made during the period accessed through the Sacco's portal or upon request by a member, through an electronic media to the members' disclosed electronic address.
- f) An advance written notice of at least thirty (30) days before the effective date of a change in the features of the SACCO Society's products and services in accordance with the Regulations, 2020.
- g) A full and accurate disclosure of the terms and conditions for subscription to the SACCO Societies' shares or the terms and conditions for the mobilization of non-withdrawable deposits or the opening and operation of a non- withdrawable deposit account including the savings frequency, tariffs, penalties, commissions, charges and fees among others in accordance with the Regulations, 2020.
- h) A full and accurate disclosure of the minimum lending terms, legal obligations and requirements of either party, including the amount to be financed; the finance charges, such as the interest rate, fees and any other charges that may be imposed; the interest computation method (variable, fixed, flat or reducing) and the date interest charges begin to accrue; the conditions for refinancing of loans; frequency of issue of statements; and the collateral or security required to secure the lending.
- i) A full and accurate disclosure of the method employed to calculate any dividends payable on shares and interest payable on non-withdrawable deposits; and the frequency of the dividend or interest calculation and the time the dividends or interest are paid or credited to an account.
- j) Any other right as may be conferred upon the member by the Co-operative Societies Act, the SACCO Societies Act, the Regulations 2020, these By-Laws and any other applicable law.

## **6.14 OBLIGATIONS OF MEMBERS**

A member of the SACCO society shall have the obligation to –

- a) Observe and comply with all the SACCO Society's By-Laws and decisions taken by the relevant organs of the SACCO Society or any directive issued by the Authority to the SACCO Society pursuant to any written law.
- b) Ensure that only fit and proper members are elected to the Board of Directors and the Supervisory Committee.
- c) Buy and pay up for shares or make any other regular payments provided for in these By-Laws.
- d) Meet the debts of the SACCO Society in case of insolvency in accordance with the provisions of the Co-operative Societies Act and these By-Laws.
- e) Any other obligation imposed by the Co-operative Societies Act, the SACCO Societies Act, the Regulations, 2020, these By-Laws and any other applicable law.

#### **6.15 CESSATION OF MEMBERSHIP**

Membership to the Society shall cease with effect from the date a member:

- a) Dies,
- b) Ceases to hold the qualification for membership specified in By-law 10 and 11,
- c) Is expelled from the Society,
- d) Voluntarily withdraws from the Society in accordance with the provision of By-law 15,
- e) Ceases to hold a share in the Society in accordance with the provision of By-law 12,
- f) Is declared bankrupt, or
- g) Is certified to be of unsound mind.

#### **6.16 LIMITATION OF MEMBER'S RIGHT**

The SACCO Society may limit a member's right –

- a) To be elected to a position of leadership in the SACCO Society in case of the member's failure to remit any regular savings and loan repayments for any period without valid reasons or leave of the SACCO Society; or
- b) Of access to any or all of the financial services or products offered by the SACCO Society, if directed to do so by the Authority or pursuant to any written law.

### **7.0 SUSPENSION AND EXPULSION FROM MEMBERSHIP**

#### **7.1 GROUNDS FOR SUSPENSION**

The Board of Directors may –

- a) Suspend a member from the membership of the SACCO Society for a period not exceeding twelve (12) months; and
- b) Subject to ratification by General Meeting, recommend to the General Meeting, the expulsion of a member, if the member –
- c) Fails to fulfil the members' obligations to the SACCO Society as provided in these By-Laws or general internal Policies or a resolution of the General Meeting or in contravention of any other legal document or written law.
- d) Is a member of another SACCO society serving similar purpose or objective.
- e) Acts in any manner prejudicial to the interests of the SACCO society.

#### **7.2 PERIOD FOR SUSPENSION OF MEMBER**

No member of the SACCO Society shall remain in suspension for a period of more than twelve (12) months.

### **7.3 GENERAL MEETING'S POWER OF EXPULSION OF MEMBERS**

An Annual General Meeting may expel a member following a recommendation by the Board of Directors, or upon discussing the member's conduct on the floor of a General Meeting.

### **7.4 EXPULSION OF MEMBERS**

The Board may expel a member who:

- a) Is convicted by a court of law for an offence of dishonesty.
- b) Is imprisoned for three months or more.
- c) Acts in any way prejudicial to the interests of the Society.

### **7.5 PROCEDURE OF SUSPENSION AND EXPULSION**

Upon formal and written proof that a member has committed a violation punishable by expulsion, the Board of Directors shall –

- a) serve a written notice of not less than thirty (30) days to the member, clearly stating the reason(s) or ground(s) for the proposed expulsion and requiring the member to file a defense to the allegations; and
- b) upon the expiry of the thirty (30) days period, and taking into consideration the member's defense or response, if any, the Board of Directors shall initiate an administrative inquiry, and make a decision of its findings within fifteen (15) days; which may include-
- c) suspension of the member, pending consideration of a recommendation for expulsion by the General Meeting; or
- d) imposition of any other punishment as may be prescribed in these By-Law or as may be directed by the General Meeting from time to time.

### **7.6 APPEAL AGAINST EXPULSION**

Any member expelled by the Board may appeal to the next General Meeting, which shall have the power to reinstate him or confirm the expulsion.

## **8.0 WITHDRAWAL FROM THE SACCO SOCIETY**

### **8.1 NOTICE OF WITHDRAWAL FROM MEMBERSHIP**

A member of the SACCO Society may at any time withdraw from the membership by giving at least sixty (60) days written notice to the Board of Directors.

### **8.2 WITHDRAWAL FROM MEMBERSHIP**

- a) A member may withdraw from the Society, if he shall have given 60 days' notice, in writing, of his intention to withdraw from the Society.
- b) A member may transfer his deposits to another society on giving one month's notice to the Chairman and subject to approval by the Board.
- c) A member who voluntarily withdraws from the Society for whatever reason will not be eligible to be readmitted as a member of the Society before 3 calendar months from the date of withdrawal have elapsed; provided that:
  - i) The said member will pay a re-admission fee of KES.5000 and an entrance fee of KES.1000 or other such amounts as may be revised.
  - ii) The Board of Directors may refuse to admit such an applicant.



- iii) Such an applicant, having been denied re-admission, shall have the right to appeal to the next General Meeting convened in accordance with these By-laws.

### **8.3 REFUND OF NON-WITHDRWABLE DEPOSITS UPON WITHDRAWAL**

Any person ceasing to be a member, including a person transferring to another society, shall be refunded the following amount, within 60 days subject to deduction of any debts owed to the Society:

- a) The value of deposits, less any monies due to the society.
- b) Any bonus, dividend; or interest due to the Member at the date on which membership ceases, as resolved at the General Meeting.
- c) Any deposit or sum held by the Society on behalf of the Member.
- d) However, share capital shall not be refunded but may be transferred to another Member.

### **8.4 PARTIAL WITHDRAWAL PROHIBITED**

Partial withdrawal of non-withdrawable deposits from the SACCO Society shall not be allowed under any circumstances.

### **8.5 PAYMENT ON CESSATION OF MEMBERSHIP**

On cessation of membership, a person shall be paid the following, less any outstanding obligations including any debts owed to the SACCO Society or for which the non-withdrawable deposits have been pledged as security or collateral:

- a) The non-withdrawable deposits.
- b) Any dividends and interests due prior to the cessation date.
- c) Any other funds other than shares held by the SACCO Society on his/her behalf.

## **9.0. NOMINEES/ NEXT OF KIN**

### **9.1 NOMINEE REGISTER**

Society shall at all times keep an updated nominees' register stating inter-alia the age, relationship with the member and the name of the guardian where nominee(s) is a minor, provided that the nominee register shall be maintained in an electronic format using a Management Information System (MIS) that conforms to the requirements of regulations 5(4)(b) of the Regulations 2020.

### **9.2 MEMBERS TO NOMINATE NOMINEES**

- a) Every member shall nominate, in writing, one or more persons to whom, upon death, the deceased's deposits, or any other interests shall be transferred.
- b) Appointment of a nominee(s) by a member shall be in form of a completed "Nominee Card" duly signed and witnessed by two members. The completed Nominee Card shall be sealed in an envelope and marked with the name of the member and kept safely by the Society.

### **9.3 MEMBER MAY CHANGE NOMINEE(S)**

A member shall have the right to change the nominee(s) in writing, in the presence of at least two attesting witnesses who are members of the SACCO Society.

#### **9.4 NAMES OF NOMINEES TO BE ENTERED INTO THE REGISTER**

The names of the nominee(s) submitted by members and any changes made in respect thereof, shall be entered in the nominees' register maintained in accordance with these By-Laws

#### **9.5 PAYMENT OF DUES TO NOMINEE**

- a) Upon the death of a member, the Board shall, within six months, pay to the nominee/s all sums due to the deceased under By-law 8 unless circumstances beyond the society's control arise.
- b) Where the deceased member is in credit with the society, any nominee properly appointed in accordance with these by-laws, may be paid all dues on evidence of a Death Certificate being produced, without awaiting lawful administration of the estate.
- c) Where the deceased member had not appointed a nominee by the time of his death, the Society may pay any money due to the deceased member as provided for in the SACCO Act.

#### **9.6 ADMISSION OF NOMINEE INTO MEMBERSHIP**

A nominee may be admitted to membership of the SACCO society upon request; and upon such request the shares, deposits, interest and dividends due to the deceased member shall be transferred to the account of that nominee, and the account of the deceased member shall be closed down forthwith.

### **10.0 FUNDS OF THE SACCO SOCIETY**

#### **10.1 SOURCES OF FUNDS**

The funds of the Society shall include:

- a) Entrance Fees of KES.1000, or such revised amount, from each member.
- b) The value of an undetermined number of shares at KES 20 each.
- c) Deposits or loans from members or non-members.
- d) Statutory loan/grant established with the approval of the General Meeting of the Society.
- e) A Reserve Fund as required by law and such other reserves as may be established with the written approval of the Commissioner.
- f) Surplus funds resulting from the operations of the Society.

#### **10.2 CAPITAL ADEQUACY**

Society shall at all times maintain a core capital which shall comprise of –

- a) Not less than five million shillings.
- b) Not less than eight percent of the total assets of the SACCO Society; provided that at least fifty (50%) percent of the core capital shall be composed of retained earnings and disclosed reserves; and
- c) Not less than five percent of the total non-withdrawable deposits held by the SACCO Society on behalf of its members.

#### **10.3 HIGHER CAPITAL ADEQUACY**

The SACCO Society shall however maintain a higher capital adequacy threshold if required or directed to do so by the Authority in accordance with the SACCO Societies Act and regulation 11(2) of the Regulations, 2020.

#### **10.4 LIQUIDITY**

The SACCO Society shall at all times maintain a liquidity ratio of not less than ten (10%) percent of its non-withdrawable deposits and short-term liabilities in liquid assets or such other higher liquidity ratio in accordance with a Liquidity Policy prepared in accordance with regulation 14 of the Regulations, 2020.

#### **10.5 APPLICATION OF FUNDS**

The funds accruing to or obtained by the SACCO Society in the course of its business shall be applied or devoted only to the promotion of the stated objects of the SACCO Society, the running of the SACCO Society and such other purposes as set in the SACCO Societies Act and the Regulations, 2020, the Co-operative Societies Act and Co-operative Societies Rules, these By-Laws or any other applicable law.

#### **10.6 RESTRICTION ON INVESTMENTS**

The SACCO Society shall not make financial investments in non-government securities, including investments in equities, collective investment schemes, bonds, commercial papers and notes, or derivatives, or equities of a subsidiary or a related entity, in excess of forty (40%) per-cent of its core capital; provided that the –

- a) investments in equities of any legal entity or a derivate issued by any legal entity shall not exceed twenty (20) percent of the prescribed limit at any given time.
- b) investments in collective investment schemes, bonds, commercial papers and notes, shall not exceed thirty (30%) per-cent of the prescribed limit at any given time; and
- c) investments in equities of a subsidiary or related entity shall not exceed fifty (50%) per-cent of the limit prescribed at any given time.

#### **10.7 ANNUAL ESTIMATES AND EXPENDITURES**

The Board of Directors shall prepare and submit to the General Meeting of the SACCO Society for approval, with or without amendments, the proposed estimates of income and expenditure together with the Capital Expenditure Budget for the ensuing financial year, at least three (3) months before the commencement of the ensuing financial year.

#### **10.8 EXPENDITURE, RECEIPT OF MONIES AND DISBURSEMENTS**

No expenditure shall be authorized to be incurred or incurred by the Board of Directors and/or Management of the SACCO Society, unless such expenditure has been specifically provided for in the estimates formally approved by the General Meeting; and

- a) all monies received by the SACCO Society shall be recorded and reconciled accordingly with the evidence as provided in the approved policies and procedures manuals; and
- b) all payments made by the SACCO Society shall be recorded and evidenced as provided for in the approved policy and procedure manuals.

#### **10.9 FINANCIAL YEAR OF THE SACCO SOCIETY**

The Financial year of the SACCO Society shall commence on 1st January and shall end on 31st December of each year in accordance with the provisions of the Cooperative Societies Act and the SACCO Societies Act.

## **11.0 SHARES OF THE SACCO SOCIETY**

### **11.1 PRESCRIBED MINIMUM SHARES**

Every member shall hold a minimum of at least 1,000 shares of Ksh.20 each in the Society or as determined by the General Meeting from time to time. Non-members shall not hold shares.

### **11.2 PURCHASE OF SHARES BY MEMBER**

- a) Upon admission into membership, the initial member's deposits shall be used to accumulate the full value of the minimum share capital as spelt out in by-law 11.1
- b) At any given time, a member may purchase additional shares by cash deposits to the society, provided provisions of by-law 11.3 are observed.

### **11.3 MAXIMUM SHAREHOLDING**

No member of the SACCO Society shall hold more than one-fifth (1/5th) of the total shares of the SACCO Society at any one point.

### **11.4 SHARE TRANSFER FUNDS**

The Society is not obliged to buy back any shares issued to a member but may set up a capital redemption reserve account to redeem the shares.

### **11.5 TRANSFER OF SHARES**

- a) With the approval of the Board, a member may, at any time, transfer his shares to another member but not to a non-member. This is subject to the balance of his deposits after the transfer being able to cover any loans with the Society, while observing minimum share capital as spelt out in by-law 11.1.
- b) Such transfers must be in writing and at nominal value, provided, that a member proposing to transfer must have cleared debts due to the society, whether such debt is due for payment or not, at the time of transfer or transfers.

### **11.6 REGISTRATION OF TRANSFER OF SHARES**

All transfers of shares must be registered, and no transfer shall be valid unless so registered. The Board shall require payment of a fee of KES 500 from each party to register such transfer, paid by the Transferee.

### **11.7 LIABILITY OF MEMBERS LIMITED TO SHARES HELD**

The liability of a member shall be limited to the nominal value of the shares held unless the General Meeting accepts additional liability in respect of a specified sum, on specific terms.

### **11.8 SHARE TO BE BASIS OF DISTRIBUTION IN LIQUIDATION**

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 number of shares held by each.

### **11.9 SHARES TO ATTRACT DIVIDENDS**

The SACCO Society may –

- a) Pay dividends on the shares held by its members based on financial performance for the year; subject to compliance with the regulatory requirements prescribed in the SACCO Societies Act and the Regulations 2020 and approval of the General Meeting; and
- b) The shares of the SACCO Society held by any member shall attract dividends whenever declared in favour of the member –
  - a. so long as such member's share capital remains in the SACCO Society; and
  - b. notwithstanding that such member may have withdrawn from membership of the SACCO Society and the member's non-withdrawable deposits refunded.

## **12.0 POWER TO BORROW**

### **12.1 RESTRICTIONS ON BORROWING**

Subject to compliance with the provisions of the SACCO Societies Act; the Regulations, 2020; Co-operative Societies Act; the Co-operative Societies Rules; and any other applicable law; the SACCO Society may borrow from other SACCO Societies, Government, securities market and other financial or development institutions subject to the maximum borrowing powers approved by the General Meeting.

### **12.2 LOANS FROM NON-MEMBERS**

The SACCO Society may obtain loans from persons or institutions which are non-members, subject to compliance with the maximum borrowing powers fixed by the General Meeting, the prescribed limits of the total external borrowing for SACCO Societies, and to approval by the Commissioner.

### **12.3 SECURITY FOR LOANS**

The SACCO Society may secure any of loans granted to it by a charge over any of its assets or class or group of assets; provided that –

- a) authority to grant a charge shall be reserved to the General Meeting of the SACCO Society; and
- b) the rate of interest on the loans shall not exceed the prevailing market rates.
- c) The Board of Directors may accept grants or donations on behalf of the Sacco from both members and non-members if the grant conditions do not prejudice the Society.

### **12.4 RESERVE FUND**

The society shall maintain a Reserve Fund as required by the Act and Rules. Unless otherwise resolved by the General Meeting, and approved by the Commissioner, the Reserve Fund shall be credited with not less than 20% of the net surplus of each financial year.

## **13.0 GENERAL MEETINGS**

### **13.1 SUPREME AUTHORITY VESTS IN THE GENERAL MEETING**

Subject to the provisions of the Co-operative Societies Act, the SACCO Societies Act and any other written law or directions of the Authority, the supreme authority of the SACCO Society shall be vested in the General Meeting of the SACCO Society.

### **13.2 COMPOSITION OF THE GENERAL MEETING**

The General Meeting of the SACCO Society shall be constituted of the members of the SACCO

Societies.

### **13.3 TYPES OF GENERAL MEETINGS**

The SACCO Society shall have two types of General Meetings namely –

- a) Annual General Meeting; and
- b) Special General Meeting

### **13.4 ANNUAL GENERAL MEETING**

An Annual General Meeting shall be convened within four (4) months after the end of the SACCO Society's financial year.

### **13.5 SPECIAL GENERAL MEETING**

A Special General Meeting of the SACCO Society may be held when convened by the –

- a) Board of Directors in accordance with these By-Laws; or
- b) Commissioner; or
- c) Board of the Directors within fifteen (15) days of receipt of a written request by at one-fourth (1/4th) of the members, whichever is less, PROVIDED that 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 registered head-office within normal working hours.

### **13.6 FAILURE TO CONVENE SPECIAL GENERAL MEETING**

If the Board of Directors fail to convene a Special General Meeting within fifteen (15) days of receipt of notice from members as provided herein above, such members shall convene the Special General Meeting as requested by notifying the Commissioner and the Board of Directors.

### **13.7 AGENDA AT SPECIAL GENERAL MEETING**

Any business not completed at the Annual General Meeting, may be taken up at a subsequent Special General Meeting of the SACCO Society

## **14.0. PROCEDURE OF MEETINGS**

### **14.1 NOTICE OF MEETINGS**

The General Meetings of the SACCO Society shall be convened by giving at least fifteen (15) days' written notice to the members, and the Secretary of the SACCO Society, shall take necessary measures and steps to publish the notice of meeting in public places, the websites of the SACCO Society, notice boards, local newspapers, including the print and electronic media or any other mode decided by the members.

### **14.2 AGENDA AT MEETINGS**

All notices constituting a General Meeting of the SACCO Society shall include a statement of the business to be dealt with at the meeting.

### **14.3 QUORUM AT GENERAL MEETINGS**

Except when convened by the Commissioner, the presence of at least twenty-five (25%) percent of the total membership shall constitute a quorum for the conduct of business at the General Meeting.

#### **14.4 ABSENCE OF QUORUM**

When a quorum is not attained the Chairman shall –

- a) adjourn the meeting and fix a date for another meeting within one month, which shall be advertised as prescribed in these By-Laws; and
- b) if the quorum is again not attained, declare the meeting open with those present one hour after the advertised time of the meeting.

#### **14.5 VENUE OF GENERAL MEETINGS**

All General Meetings of the SACCO Society shall be held at a physical venue and place which shall be contained in the notice constituting the meeting, except that a meeting may be held on such terms and conditions as the Commissioner may direct.

#### **14.6 VIRTUAL GENERAL MEETINGS**

The SACCO Society may hold its General Meeting virtually or both virtually and physically, in exceptional circumstances as may be determined by the Board of Directors considering any prevailing socio-economic, political, health or environmental circumstances limiting physical interactions.

#### **14.7 VIRTUAL MEETINGS TO COMPLY WITH GUIDELINES**

Where the Board of Directors opts to hold a virtual or a mixed virtual and physical General Meeting, then the Board of Directors of the SACCO Society shall –

- a) Take measures to ensure that the General Meeting is constituted, held and conducted strictly in compliance with any circulars or guidelines or directives which may be issued by the Commissioner and/or the Authority from time to time, or any written law; and
- b) The members of the Board of Directors, the Chief Executive officer, and the Commissioner or representative may be present within the SACCO Society's registered offices for purposes of the General Meeting.

#### **14.8 DUTIES OF GENERAL MEETINGS**

The General Meeting shall have the powers and duties prescribed in the SACCO Societies Act; the Regulations 2020; the Co-operative Societies Act; the Co-operative Societies Rules; these By-Laws, and any other applicable law; and in particular the General Meeting shall –

- a) Consider and confirm the minutes of the previous General Meeting.
- b) Consider reports of Committees, the Commissioner or the Authority on the audited financial statements of the SACCO Society's activities during the past financial year.
- c) Consider and resolve on the manner in which any available surplus shall be distributed or invested, subject to SACCO Societies Act; the Regulations 2020; the Co-operative Societies Act; the Co-operative Societies Rules; these By-Laws, and any other applicable law;
- d) Elect or remove members of the board and the Supervisory Committee, subject to the SACCO Societies Act; the Regulations 2020; the Co-operative Societies Act; the Co-operative Societies Rules; these By-Laws, and any other applicable law.
- e) Fix the indemnity for the elected Board Members and management staff.
- f) Consider recommendations on expulsion of members and refusal of membership by the Board.
- g) Fix the maximum liability which the SACCO Society may incur in loans and deposits from members and non-members.

- h) Approve the estimates of income and expenditure for the financial year following the General Meeting.
- i) Fix the honoraria, if any, for officers or employees of the SACCO Society.
- j) Decide on the management structure, including the establishment of branches to facilitate efficient and cost-effective delivery of services to members.
- k) Appoint external auditors of the SACCO Society for the ensuing year.
- l) Approve affiliation to any National Co-operative Organizations for SACCO Societies and the Apex society.
- m) Transact any other business of the SACCO Society for which notice has been given to members in the manner prescribed in these By-Laws.

#### **14.9 RIGHT TO ATTEND GENERAL MEETINGS**

All members the members of the SACCO Society shall have the right to attend the General Meetings of the SACCO Society; and to participate in its deliberations including voting on any resolution proposed.

#### **14.10 RECORD OF BUSINESS**

All business discussed or decided at the General Meeting shall be recorded without erasures and corrections in a Minute Book, which within one month of the meeting, shall be signed by the Chairman of the meeting and at least one other member of the Board of Directors 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.

#### **15.0 CONSTITUTION OF THE BOARD OF DIRECTORS**

##### **15.1 BOARD OF DIRECTORS IS THE GOVERNING BODY**

- a) The Board of Directors shall be the governing body of the SACCO Society elected from the general membership and shall consist of a maximum of nine (9) members and a minimum of five (5) members, elected by the members pursuant to the provisions of the Co-operative Societies Act, these By-Laws and any other written law. It shall include the Chairman, Vice chairman, Treasurer and Secretary all of whom shall be elected by the Committee from amongst the members of the Committee.
- b) Members of the Board of Directors shall hold office for a period of three years provided that, one-third of the members Board of Directors shall retire every year by rotation but may be eligible for re-election.
- c) Where the membership of the Board of Directors falls below five the Board of Directors shall co-opt qualified member(s) into the Board until the next General Meeting.

##### **15.2 ELIGIBILITY FOR MEMBERSHIP TO THE BOARD OF DIRECTORS**

No person shall be eligible as a member of the Board of Director if he/she -

- a) Has not been a member of the SACCO Society for at least one (1) year prior to the Annual General Meeting AND has not saved at least KES 250,000/= by then.
- b) Has been adversely named by the Commissioner in an Inquiry Report endorsed by a General Meeting for mismanagement or corrupt practices whilst still a member of the Board of a Co-operative Society or Union in the last ten (10) years, or mentioned adversely in any other national government inquiries where he/ she has been shown or alleged to be engaging or have engaged in dishonest activities;



- c) Has been adversely named by the Authority in an Inspection Report for mismanagement or corrupt practices while still a member of the Board of Directors or officer of a SACCO Society in Kenya.
- d) Has been barred or prohibited from holding office as a director or officer of a SACCO Society by the Authority.
- e) Has been charged of any offence involving dishonesty, a crime involving fraud, perjury or breach of contract of a financial institution.
- f) Has been convicted of any offence involving dishonesty or is imprisoned for three (3) months or more with a crime involving fraud, perjury or breach of contract of a financial institution.
- g) Is delinquent on loans with the SACCO Society for any period within two (2) years prior to elections.
- h) Shall not have attained a minimum of "O" level certificate of Education or equivalent except as otherwise expressly exempted by the Commissioner.
- i) Is undischarged bankrupt.
- j) Is under 18 years of age.
- a) Is of unsound mind.
- b) Is a member of the Board of Directors of another existing SACCO Society authorized or licensed under the SACCO Societies Act;
- k) Is an official of or holds a political office at any level.
- l) Does not conform to minimum qualification standards in accordance to any applicable law.
- m) Has been removed from public office or barred from holding public office by any agency of the government, on disciplinary action.
- n) Has not executed and submitted or caused to be submitted to the Authority, the Fit and Proper Test Form as provided in the Regulations, 2020.

### **15.3 THE CHAIRMAN OF THE BOARD**

The Chairman of the Board of Directors of the SACCO Society shall be elected from amongst the members of the Board of Directors, and shall be responsible to the Board for –

- a) Presiding at all General Meetings, board meetings and joint meetings with the Supervisory Committee; and
- b) perform such other duties as may be directed by the Board of Directors, not inconsistent with provisions of the SACCO Societies Act; the Regulations 2020; the Co-operative Societies Act; the Co-operative Societies Rules; the By-Laws and any other applicable law.

### **15.4 THE VICE-CHAIRMAN OF THE BOARD**

The Vice-Chairman of the Board shall be elected from amongst the members of the Board of Directors, and shall be responsible to the Board for –

- a) deputising the Chairman of the Board.
- b) Performing the duties of the Chairman of the Board, during the absence of the Chairman of the Board; and
- c) Performing any such other duties as may be directed by the Board of Directors, not inconsistent with provisions of the SACCO Societies Act; the Regulations 2020; the Co-operative Societies Act; the Co-operative Societies Rules; the By-Laws and any other applicable law

### **15.5 HONORARY SECRETARY**

The Honorary Secretary shall be elected from amongst the members of the Board of Directors, and shall be responsible to the Board for –

- a) Causing all the minutes of the General Meetings, Board Meetings, and joint meetings with the Supervisory Committee to be recorded.
- b) Ensuring that notices of all meetings are prepared and sent out on time.
- c) Performing such other duties as may be directed by the Board of Directors, not inconsistent with provisions of the SACCO Societies Act; the Regulations 2020; the Co-operative Societies Act; the Co-operative Societies Rules; the By-Laws and any other applicable law.

### **15.6 THE TREASURER**

The Treasurer of the SACCO Society shall be elected from amongst the members of the Board of Directors, with knowledge and experience of accounting or financial matters, and shall be responsible to the Board and the General Meetings for -

- c) Managing or causing to be managed, the financial and accounting affairs and transactions of the SACCO Society.
- d) Ensuring that proper record is kept of all monies received and disbursed by the SACCO Society.
- e) Ensuring the safekeeping of the SACCO Society's money.
- f) Signing or counter-signing documents, contracts and cheques in accordance with these By-Laws and the financial policies and procedure manuals of the SACCO Society.
- g) ensuring compliance with all directives of the General Meetings, the Board of Directors, the Authority and the Commissioner, particularly with regard to all financial and accounting affairs of the SACCO Society.
- h) preparation and submission of the financial statements showing the financial condition of the SACCO Society, to the Board of Directors for consideration, at least fifteen (15) days after close of each month.
- i) presentation to the Board of Directors, an up to date listing of all overdue borrowers, including relevant actions taken or being taken to recover the loans.
- j) The Treasurer shall supervise the SACCO staff.
- k) performing any other lawful duty as may be directed by the Board, or as may be assigned under these By-Laws, the SACCO Societies Act, the Regulations 2020, the Co-operative Societies Act, the Co-operative Societies Rules or any other applicable law.
- l) Spearhead Sacco investments

### **16.0 MEETING OF THE BOARD OF DIRECTORS**

#### **16.1 FREQUENCY OF MEETINGS**

The Board of Directors of the SACCO Society shall –

- a) Meet not more than fifteen (15) times in a financial year and not more than two months shall lapse between the date of one meeting and the date of the next meeting: and
- b) Furnish the Authority with a certified copy of the minutes of its meeting on a semi-annual basis to be received not later than the 15th July and 15th January of each calendar year.

#### **16.2 QUORUM AT MEETINGS OF BOARD OF DIRECTORS**

The quorum at every meeting of the Board of Directors shall be at least two thirds (2/3rd) of the

members of the Board of Directors.

### **16.3 FAILURE TO ATTEND MEETINGS**

If a member of the Board of Directors 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.

### **16.4 RECORD OF BUSINESS OF THE BOARD OF DIRECTORS**

All business discussed or decided at the meeting of the Board of Directors 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, provided that the Minute Book may be maintained in an electronic format.

### **16.5 CONFIRMATION OF PREVIOUS MINUTES**

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.

### **16.6 PRESERVATION OF MINUTES OF THE BOARD**

The SACCO Society shall ensure that all proceedings of the meetings of the Board and any Committee of the Board are recorded and kept in the head office where other records are kept and shall be preserved in the same way the assets of the SACCO Society are kept and preserved. The records can also be preserved electronically.

## **17.0 DUTIES AND POWERS OF THE BOARD**

### **17.1 LEGAL STANDARD OF CARE**

In the conduct of the affairs of the SACCO Society, the Board of Directors shall at all times exercise prudence and diligence of ordinary men of business and shall be held, jointly and severally liable for any loss occasioned by their actions which are contrary to the SACCO Societies Act, the Regulations, 2020, any guidelines and directives issued by the Authority, the Co-operative Societies Act, and Cooperative Societies Rules, these By-Laws, or the direction of any general meeting of the SACCO Society or any other applicable law.

### **17.2 DIRECTING AFFAIRS OF THE SACCO SOCIETY**

The Board of Directors shall develop and implement a Board Charter to govern its internal operations and procedures; and shall subject to any directions from the General Meeting generally –

- a) Direct the affairs of the SACCO Society; and
- b) Provide visionary leadership by providing strategic directions on the SACCO business without engaging in operational activities of the SACCO Society.

### **17.3 SPECIFIC DUTIES AND POWERS**

The Board of Directors shall in particular –

- a) Observe in all its transactions and activities provisions of the SACCO Societies Act, the

Regulations, 2020, the Co-operative Societies Act, the Co-operative Societies Rules, these By-Laws, any other applicable law, and prudent business practices.

- b) Ensure that the SACCO Society's functions effectively and that an adequate and effective internal controls and risk management systems are in place consisting of appropriate policies including human resource management, savings, liquidity, investment, dividend, risk management, membership administration, cash handling and information management and preservation among others;
- c) Develop and approve the terms of reference of the various Board Committees, consistent with these By-Laws
- d) Ensure that the management maintains proper and accurate records that reflect the true and fair position of the SACCO Society's financial condition.
- e) Prepare and develop business plans and annual budgets and estimates for presentation at the General Meeting.
- f) Formulate the Electoral Policy to guide in the nomination and election process.
- g) Appoint such number of Board Committees as maybe necessary to effectively discharge its functions.
- h) 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 with or without security to any member as recommended by the SACCO Society's management.
- i) Cause the audited financial statements of the SACCO Society to be displayed in a conspicuous place at its registered office or the Sacco's website at least two weeks before presentation of the financial statements to the members at the General Meeting.
- j) Submission of the audited financial statements to the Authority for approval within three (3) months after the close of the financial year.
- k) Implementing and/or incorporating any general or specific directives issued by the Authority with regard to the form of, or contents or proposals or other disclosures in the audited financial statements.
- l) Subject to approval of the audited financial statements, lay before the General Meeting the audited financial statements of the SACCO Society, together with proposals for the disposal of net surplus, if any.
- m) Subject to any directives issued by the Authority, recommend to the General Meeting, the dividend rate to be paid on shares, if any, and interest to be paid on non-withdrawable deposits.
- n) Fill through co-option, vacancies occurring in the Board of Directors between General Meetings.
- o) Authorize the conveyance of properties.
- p) Authorize borrowing of the SACCO Society in accordance with these By-Laws and any other written law.
- q) Approve and review lending policies of the SACCO society to ensure compliance with the Law.
- r) Approve or ratify all loans to directors and employees of the SACCO Society.
- s) Approve interest rates on loans to members as recommended by the Committee for the time being responsible for financial affairs of the SACCO Society.
- t) Designate a depository or depositories for the funds of the SACCO Society.
- u) Prepare and submit or cause to be submitted for approval, the Code of Conduct in the form set out in the Third Schedule of the Regulations, 2020.

- v) Employ and fix the remuneration of the employees including the appointment of Chief Executive Officer in accordance with the approved Human Resource Policy and Manual.
- w) Notify the Authority in writing of any intention to remove the Chief Executive Officer in accordance with the Regulations, 2020; and notify the Authority in writing within fifteen (15) days of appointment, resignation or removal of the Chief Executive Officer and in the case of resignation or removal, the reasons for such resignation or removal;
- x) Impose or recommend the imposition of any fines or fees as provided for under these By-Laws.
- y) Ensure that the SACCO Society budgets for and promptly pay all the taxes, levies, fees and/or other charges due to the Authority and/or any other government entity, as and when they fall due.
- z) Ensure adequate provisions for known and probable losses and recommend to the General Meeting the write-off of bad debts.
- aa) Perform or authorize any function consistent with the SACCO Societies Act, the Regulations, 2020, the Co-operative Societies Act, the Co-operative Societies Rules, and these By-Laws, unless specifically reserved for the General Meeting.
- bb) Provide adequate budget for education and training of members, and the capacity development of the Board and staff.
- cc) Receive and consider reports from the established staff technical committees and Board Committees.
- dd) Perform any other duty or functions and exercise any other power as provided in the SACCO Societies Act, the Regulations, 2020, the Co-operative Societies Act, the Co-operative Societies Rules, these By-Laws and any other applicable law.

#### **17.4 DELEGATION OF DUTIES TO CHIEF EXECUTIVE OFFICER**

The Board of Directors may delegate to the Chief Executive Officer of the SACCO Society such duties as it deems fit; provided that such delegation shall not absolve the Board of Directors from its responsibility of running the affairs of the SACCO Society in a proper and business-like manner.

#### **18.0 INDEMNITY BY BOARD OF DIRECTORS**

##### **18.1 FILING OF INDEMNITY**

Each member of the Board of Directors shall provide an indemnity of such sums and amount as shall be approved by the General Meeting; and a duly completed Form V in the Schedule to the Co-operative Societies Rules shall be duly completed and lodged with the Commissioner and the Authority within fourteen (14) days upon election to the Board.

##### **18.2 WEALTH DECLARATION UPON ELECTION**

Every member of the Board of Directors shall within thirty (30) days of being elected declare and file with the Commissioner the statutory wealth declaration in the prescribed form as provided in the Public Officers Ethics Act, 2003 and the Code of Conduct issued pursuant thereto.

#### **19.0 COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS**

##### **19.1 RE-IMBURSEMENT TO BOARD MEMBERS**

The members of the Board of Directors may be paid reimbursements or allowances for necessary expenses incurred in the course of discharging lawful duties which shall be determined at such

rates approved as per the Board Compensation Policy.

#### **19.2 NO FIXED REMUNERATION OR SALARY**

A member of the Board of Directors shall not receive remuneration in the form of a salary or any fixed periodic payments in respect of services rendered to the SACCO Society.

#### **19.3 COMPENSATION TO BE DISCLOSED IN THE FINANCIAL STATEMENTS**

The Board of Directors shall disclose in the audited financial statements, any compensation, fees, travel or meeting expense or reimbursement paid to each director of a SACCO society and each member of the Supervisory Committee, and shall be presented at the Annual General Meeting.

#### **19.4 BOARD COMPENSATION POLICY**

The SACCO Society shall develop and implement a Board Compensation Policy clearly detailing the rates of compensation or allowances payable to the members of the Board of Directors, taking into consideration the economic and financial condition of the SACCO Society, which Policy or any amendments thereto shall be approved by General Meeting of the SACCO Society.

#### **19.5 AUTHORITY MAY VET THE COMPENSATION POLICY**

The Authority may at any time in the exercise of its mandate under the SACCO Societies Act and the Regulations, 2020 veto the implementation of a Board Compensation Policy or any sections thereof, and may suspend the implementation of any such Policy or direct the review thereof as it may deem fit, considering its supervisory and regulatory mandate.

### **20.0 ELECTIONS OF BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE**

#### **20.1 NOTICE OF VACANCIES**

The Board of Directors shall notify the members of the SACCO Society of the vacancies arising in both the Board of Directors and the Supervisory Committee.

#### **20.2 NOMINATION COMMITTEE**

There shall be a Nominating Committee of the SACCO Society which shall be constituted in accordance with the SACCO Society's Electoral Policy, which shall be formulated by the Board of Directors to vet and clear the prospective candidates for elections.

#### **20.3 ELECTION**

- a) Pre-vetted candidates shall be elected during a General Meeting under the direction of a Presiding Officer. Candidates must be members of good standing and shall have been vetted according to the criteria established in the vetting and nominations policy of the Society. The ballots shall be distributed, or hands counted, and the vote shall be taken and tallied by the tellers, and the results announced. All elections shall be determined by simple majority vote of members present. If there is a tie vote, there shall be a run-off between the best two candidates.
- b) If during the term of office of a Board, a vacancy occurs in the Board, the Board may co-opt a member of the society to serve in the Board until the next General Meeting of the Society.
- c) Elected members of a Board shall be removed only by a two-thirds majority of members of the Society present and voting at a General Meeting.

- d) If a General Meeting removes a member of a Board, it shall forthwith elect a new member who shall hold office for the remainder of the term of the member so removed.

#### **20.4 RETURNING OFFICER TO PRESIDE OVER ELECTIONS**

During elections –

- a) The Returning Officer shall present duly nominated candidates for the vacant positions.
- b) At the elections, members shall decide, by majority vote, the method of voting, which may be either by secret ballot or queuing or by show of hands.
- c) No member shall be entitled to vote by proxy.
- d) Irrespective of the number of shares held by him, no member shall have more than one vote.

#### **20.5 SUBMISSIONS OF NAMES OF ELECTED PERSONS TO AUTHORITY**

The Chief Executive Officer of the SACCO Society shall, within fourteen (14) days of the elections, submit to the Authority and the Commissioner the names and addresses of all persons elected to the Board of Directors and Supervisory Committee, including their respective Fit and Proper Test Forms in accordance with the Regulations, 2020.

#### **20.6 ASSUMPTION OF OFFICE**

The new Board of Directors and Supervisory Committee of the SACCO Society elected at the General Meeting shall not assume office unless they have been cleared by the Authority, and satisfied the requirements of the SACCO Societies Act, the Regulations, 2020, the Co-operative Societies Act, the Co-operative Societies Rules, these By-Laws, and any other applicable law, as to the indemnity, ethics, codes of conduct or any other matter.

#### **21.0 REMOVAL AND SUSPENSION OF A MEMBER OF THE BOARD**

##### **21.1 REMOVAL BY THE AUTHORITY**

The Authority may suspend from duty any member of the Board of Directors charged in a court of law with an offence involving fraud or dishonesty pending the determination of the matter, directly or indirectly violates the Act, Regulations and these bylaws.

##### **21.2 REMOVAL BY MAJORITY OF BOARD MEMBERS**

By a majority of the members of Board of Directors, the Board of Directors may by a resolution, suspend a Board Member for a period not exceeding twelve (12) months, and recommend to the next General Meeting of the SACCO Society, the removal of such Board Member, on the ground and/or for reasons of

- a) Failure to disclose any vested interests; or
- b) Any other good cause.

##### **21.3 CESSATION FROM HOLDING OFFICE BY A BOARD MEMBER**

A member of the Board of Directors of the SACCO Society shall cease to hold office, if he/she

- a) Ceases to hold the qualifications of a Board of Director as specified in the SACCO Societies, the Regulations, 2020, these By-Laws, or any other applicable law.
- b) Is removed or suspended by the Authority under the provisions of the SACCO Societies, the Regulations, 2020 or any other applicable law.
- c) Is voted out by two-thirds (2/3rd) majority of members present and voting at the General

Meeting.

- d) Is removed by the Commissioner under the provisions of Co-operative Societies Act and the Co-operative Rules.
- e) Continuously fails to remit savings/deposits or repay his/her loans for a period of three months.
- f) Involvement in gross misconduct and non-performance of allocated duties

## **22.0 BOARD COMMITTEES**

### **22.1 ESTABLISHMENT OF COMMITTEES**

- a) Committees shall consist of persons drawn from the Board of Directors
- b) The Board of Directors may delegate to any of its Committees, such powers, duties and responsibilities pursuant to these By-Laws or other internal policies as it deems fit and proper.
- c) These committees shall convene as directed by the Committee.

### **22.2 RESTRICTIONS ON CONSTITUTION OF SUB-COMMITTEES**

The number of Board Committees of the SACCO Society shall not in any event exceed three (3) Committees, consisting of members drawn from the Board of Directors; and -

- a) Members of the Board shall not sit in more than two committees.
- b) The Chairman shall not sit in any of the Board Committees but may attend any Committee meetings upon invitation in writing by the Committee.
- c) A member of the Board shall not chair more than one Board Committee.
- d) The functions and/or duties and/or responsibilities traditionally performed by the Audit or Risk Committees of the Board shall be performed by the Supervisory Committee of the SACCO Society in accordance with regulation 58 of the Regulations 2020 and these By-Laws.
- e) The Board of Directors shall not establish or create another Board Committee to perform the said functions and/or duties and/or responsibilities.

### **22.3 THE CREDIT AND RISK MANAGEMENT COMMITTEE**

There shall be a Credit and Risk Management Committee of the Board which shall consist of not more than three (3) members of the Board. The Credit and Risk Management Committee may be chosen at a meeting of the Board of Directors within seven days after each General Meeting. The Board of Directors may set the minimum qualifying standards for the Credit Committee members.

### **22.4 DUTIES OF THE CREDIT AND RISK MANAGEMENT COMMITTEE**

- a) Ensuring the establishment and review of appropriate credit and risk management policies consistent with the relevant provisions of the SACCO Societies Act, the Regulations, 2020 and these By-Laws.
- b) Regularly assessing the loan quality of the SACCO Society to ensure that the portfolio at risk is within tolerable level.
- c) Receiving and considering reports and recommendations from the Technical Credit Committee.
- d) Ensure that the problematic loan accounts are adequately identified and classified as prescribed in the Regulations.



- e) Ensure adequate provisions for potential loss is maintained.
- f) Review periodic credit and loan portfolio reports of the SACCO Society before submission to the Board.
- g) The Credit Committee shall develop any new Loan Products.

## **22.5 EDUCATION COMMITTEE**

The Education Committee shall consist of three members who shall be members of the Board of Directors but none of whom shall be a member of another Sub-committee except the Vice Chairman of the Society who shall be the Chair. It shall be upon the Education Committee to elect its Secretary and member.

## **22.6 DUTIES OF THE EDUCATION COMMITTEE**

The function of the Education Committee shall be to: -

- a) Organise, facilitate and promote members' and Board members' education on co-operative matters,
- b) Organise, promote and oversee Society's staff training,
- c) Ensure production and acquisition of literature including periodicals, magazines, or brochures for use by Board members, staff and general membership,
- d) Promote distribution and interpretation of Society's by-laws to members,
- e) Arrange for educational tours in liaison with other members of the Board of Directors',
- f) Advise the Board of Directors and update members in all matters on Education and information on co-operative matters,
- g) Ensure allocation of funds for educational purposes and apply the funds for the benefit of the Society,
- h) Prepare periodic reports on educational and information on co-operative matters and publicize the same for the benefit of members,
- i) Identify, collect, disseminate and publish co-operative news for the benefit of the Society, and
- j) Any other duties as may be assigned by the Board of Directors.

## **22.7 FINANCE AND ADMINISTRATION COMMITTEE**

The Finance and Administration Committee is responsible for all finances, investment and strategies planning matters. It consists of three members from the board including the treasurer who serves as its Chairman.

## **22.8 DUTIES OF FINANCE AND ADMINISTRATION COMMITTEE**

- a) Oversee the implementation of the Strategic Plan and providing progressive reports to the board to ensure participation of other members of the Board
- b) Review and recommend to the Board for approval, the annual budgets and annual workplan.
- c) Overseeing long term financial plans and investments and recommending to the Board of directors aligned with prioritized strategies set by the Board.
- d) Overseeing the financial reports as well as comparison of actual performance to budget and recommend any change of strategy.
- e) Review qualifications and terms of engagement of external auditors and provide recommendation to the Board for appointment.

- f) Advise the Board on Strategies to be adopted to enhance the Sacco's performance towards achieving its goals.
- g) Oversee the Human resource planning to ensure the Sacco has the right number of staff and skills capable of delivering on its mandate.
- h) Consider and recommend staff establishment, remuneration including bonuses and other incentives.
- i) Review and monitor financial controls and provide any recommendation to the Board for corrective/remedial action when required.

## **23.0 SUPERVISORY COMMITTEE**

### **23.1 ESTABLISHMENT OF THE SUPERVISORY COMMITTEE**

The SACCO Society shall have a Supervisory Committee consisting of three (3) members each elected at the General Meeting for a period of three years, and one member of the supervisory committee shall retire annually.

### **23.2 QUALIFICATIONS FOR MEMBERS OF THE SUPERVISORY COMMITTEE**

A member shall be qualified and eligible for elections to the Supervisory Committee of the SACCO Society, if the members –

- a) Have qualifications similar to those of Board Members; and
- b) Is not a member of the Board of Directors, or of the Credit Committee, may be elected to the Supervisory Committee.
- c) Have at least one (1) of person bearing some knowledge or qualifications in accounting or finance.
- d) The Supervisory Committee members shall choose from among their members a Chairman and a Secretary. The Secretary of the Supervisory Committee shall prepare, maintain, and have custody of audits performed by the Supervisory Committee.
- e) The members of the committee shall be expected to abide by the code of conduct developed by the SACCO

### **23.3 REMOVAL OF MEMBERS OF THE SUPERVISORY COMMITTEE**

The members of the Supervisory Committee –

- a) May be suspended or removed from office by the Authority or by a resolution of the General Meeting in the same manner and for the same reasons or grounds, as the suspension or removal of members of the Board of Directors or any other officer of the SACCO Society; and
- b) Shall cease to hold office in the same manner, and for the same reasons or grounds as the cessation to hold office by Board Members.

### **23.4 MEETINGS OF THE SUPERVISORY COMMITTEE MEMBERS**

In addition to the joint meetings held with members of the Board of Directors or any other routine meetings held with the management for purpose of exercising their duties, the Supervisory Committee shall hold at least one meeting in every quarter.

### **23.5 DUTIES AND RESPONSIBILITIES OF THE SUPERVISORY COMMITTEE**

The Supervisory Committee, shall in addition to the duties assigned to it under the Co-operative

Societies Rules, perform the following functions in accordance with the Regulations 2020 -

- a) Review internal controls including the scope of the internal audit program, the internal audit findings, and recommend action to be taken by management.
- b) Review 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.
- c) Ensure that accounting records and financial reports are promptly prepared to accurately reflect operations and results.
- d) Review management reports, and reports from the internal and external auditors concerning deviations and weaknesses in accounting and operational controls.
- e) Propose to the Board, the names of three (3) qualified persons, to be recommended to the General Meeting, for appointment as external auditors of the SACCO Society.
- f) Monitor the ethical conduct of the SACCO Society and consider the development of ethical standards and requirements, including
  - i) Effectiveness of procedures for handling and reporting complaints.
  - ii) Reviewing any related party transactions that may arise within the SACCO Society.
  - iii) Verifying that relevant plans, policies, and control procedures are established and properly administered.
  - iv) Investigating members' complaints and making recommendations for redress.
  - v) Considering any matter of significance raised by members during the General Meetings of the SACCO Society or the Authority or the Commissioner

### **23.6 REPORTS TO THE BOARD**

The Supervisory Committee shall prepare and submit quarterly reports to be presented to a joint meeting with the Board of Directors within thirty (30) days after the end of each quarter.

### **23.7 REPORTS TO THE AUTHORITY**

The Supervisory Committee shall submit or cause to be submitted to the Authority all quarterly reports of the Supervisory Committee, together with comments and actions made by the Board of Directors, within thirty (30) days, after presentation to the Board of Directors

### **23.8 INTERNAL AUDIT FUNCTION TO TECHNICAL SUPPORT**

The internal audit function of the SACCO Society shall be responsible to the Supervisory Committee and provide technical and secretarial support and services to the Supervisory Committee in accordance with the Regulations, 2020; and the Chief Executive Officer and management staff shall provide appropriate facilitation to the Supervisory Committee in the performance of its duties

### **23.9 LEGAL STANDARD OF CARE AND COMPENSATION FOR SUPERVISORY COMMITTEE**

The members of the Supervisory Committee shall be held to the same legal standard of care as the legal standard of care and shall be compensated under similar terms and circumstances as prescribed for the members of the Board of Directors in these By-Laws.

## **24.0 THE CHIEF EXECUTIVE OFFICER AND STAFF OF THE SACCO SOCIETY**

### **24.1 APPOINTMENT BY BOARD OF DIRECTOR**

The SACCO Society shall have a Chief Executive Officer who shall be appointed by the Board of

Directors on such terms and conditions as the Board of Directors put in place; provided that prior to appointing a person to serve as the Chief Executive Officer of the SACCO Society, the Board of Directors shall submit or cause to be submitted to the Authority, the names and other particulars of the person proposed for such appointment, for approval.

#### **24.2 APPOINTMENT TO TAKE EFFECT UPON APPROVAL**

No formal appointment of a person to serve as the Chief Executive Officer of the SACCO Society shall take effect unless the Authority's written approval has been granted to the SACCO Society; and the Board of Directors shall notify or cause the Authority to be notified, within fifteen (15) days of formal appointment of the Chief Executive Officer

#### **24.3 RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER**

The Chief Executive Officer shall be responsible to the Board of Directors for the day to day running of the affairs of the SACCO Society, including but not limited to:

- a) The implementation of and adherence to the prescribed policies, procedures and standards.
- b) Ensuring that systems have been established to facilitate efficient operations and communication.
- c) Ensuring that strategies are developed and employed to facilitate achievement of targets and objectives.
- d) Overseeing human resource management and development.
- e) Adherence and ensuring that the SACCO Society and its staff are at all time in compliance with the established Code of Conduct; the SACCO Societies Act, the Regulations, 2020, any guidelines and/or directives issued by the Authority; the Co-operative Societies Act; the Co-operative Societies Rules; these By- Laws; and any other applicable laws;
- f) Advise the Board of Directors in formulating, preparing and implementing long term policies and programs of the Society through board papers and technical reports as appropriate.
- g) Any other matter concerning the operations and activities of the SACCO Society as the Authority may direct.

#### **24.4 PRESENTATION OF BOARD PAPERS TO THE BOARD**

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

- a) Financial statements (monthly, quarterly and annual) indicating current compared with past period actual performance, the budget compared with the actual expenditure and explanations for any variances.
- b) Showing current compared with past period actual performance, the budget compared with the actual and with explanations for any variances.
- c) Capital structure and adequacy.
- d) Delinquent loan list, and in particular growth in loans, loan losses, recoveries and provisioning.
- e) Sources and application of savings and deposits.
- f) Statement of comprehensive income (monthly, quarterly and annual) including a comparison of the budget against actual.
- g) All insider lending and non-performing insider loans if any.

- h) Any violation or suspected violation of the SACCO Societies Act, the Regulations, 2020, the Co-operative Societies Act, the Co-operative Societies Rules, or any other applicable law; and remedial actions taken or proposed to be taken, to comply and remedy the violation.
- i) Large risk exposures including but not limited to the exposures limits or risks prescribed in the SACCO Societies Act, the Regulations, 2020, the Cooperative Societies Act, the Co-operative Societies Rules, or any other applicable law.
- j) Investment portfolio.
- k) Any regulatory reports, and internal reports.
- l) Any other relevant areas to the SACCO society's operations; and
- m) Any other matter as may be directed by the Authority from time to time.

#### **24.5 CHIEF EXECUTIVE OFFICER TO ATTEND BOARD MEETINGS**

- a) The Chief Executive Officer of the SACCO Society or any position appointed by the Board of Directors to discharge the duties and responsibilities of a Chief Executive Officer of the SACCO Society in accordance with these By-Laws, shall attend all meetings of the Board of Directors and all General Meetings of the SACCO Society, as an ex-officio member;
- b) Be a signatory and the custodian to SACCO Society cheques, contracts, records and other documents as may be necessary; and
- c) Perform any such other duties and responsibilities as may be assigned by the Authority or the Board of Directors.

#### **24.6 REMOVAL FROM OFFICE OF CHIEF EXECUTIVE OFFICER**

The SACCO Society shall not remove the Chief Executive Officer except with prior written notification to the Authority in accordance with regulation 64 of the Regulations 2020, which notification shall clearly state the grounds or reasons for the intended removal.

#### **24.7 NOTIFICATION OF REMOVAL OR RESIGNATION OF A CHIEF EXECUTIVE OFFICER**

The Board of Directors shall notify the Authority, within fifteen (15) days of the resignation or removal of the Chief Executive Officer and in the case of resignation or removal, the Board of Directors shall indicate the reasons for such resignation or removal.

#### **24.8 REMOVAL OF CHIEF EXECUTIVE OFFICER BY THE AUTHORITY**

Notwithstanding anything in these By-Laws or any internal policies of the SACCO Society, the Chief Executive Officer and any other officer of the SACCO Society may be removed from office by the Authority or upon the direction of the Authority in accordance with the provisions of the SACCO Societies Act and Regulations, 2020.

### **25.0 CODE OF CONDUCT FOR OFFICERS**

#### **25.1 APPLICATION OF PUBLIC OFFICERS ETHICS ACT, 2003**

All officers of the SACCO Society, including the Directors, members of the Supervisory Committee, Chief Executive Officer and other members of staff, shall comply with the requirements of the Public Officer Ethics Act, 2003 and the Code of Conduct made thereunder, including any Governance Guidelines as may be issued by the Ethics Commission for Co-operatives

## **25.2 THIRD SCHEDULE CODE OF CONDUCT FOR OFFICERS**

The SACCO Society shall prepare a Code of Conduct which substantially conforms to the form set out in the Third Schedule to the Regulations, 2020 for the approval of the Authority; and upon approval, the SACCO Society shall ensure that each and every officer thereof executes and abides by the Code of Conduct at all times.

## **25.3 CONFIDENTIALITY OATH**

The members of the Board of Directors and Supervisory Committee, and all other officers of the SACCO Society shall –

- a) Hold in the strictest confidence all transactions of between the SACCO Society and its members; and all information respecting their personal affairs, except to the extent deemed necessary by the Board of Directors about the making of loans and the collection thereof.
- b) comply with and/or cause the SACCO Society to comply with the provisions of the Data Protections Act, 2019 with regard to members' data and information.
- c) In case of breach of confidentiality, besides the resulting action for damages, the responsible party shall be removed from the office or their employment terminated.
- d) No, Board Member, or employee of the Society shall in any manner participate in the deliberations upon, or determination of any question affecting his own financial or personal interest. In the event of disqualification of any such Executive Officer, Board Member, or employee, he shall withdraw from such deliberation or determination, and the remaining qualified Board members present at the meeting, if constituting a quorum with the disqualified person, may exercise with respect to the matter all the powers of the Board.
- e) The Manager shall be bonded by the Board of Directors for the funds and assets of the Society which are under the Manager's custody

## **25.4 CONFLICT OF INTERESTS**

No member of the Board of Directors or Supervisory Committee or any other officer of the SACCO Society, 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 members of the Board or Supervisory Committee or officers 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 or management as the case may be.

## **25.5 COMPLIANCE WITH THE CODES OF CONDUCT**

The SACCO Society and every officer of the SACCO Society shall at all times ensure and/or secure the compliance with the Codes of Conducts herein; including taking appropriate measures to implement any directives issued by the Authority or any other public body towards enforcing compliance with the Codes of Conduct.

## **26.0 BOOKS OF ACCOUNTS AND RECORDS**

### **26.1 MANDATORY MAINTENANCE OF ACCOUNTS AND RECORDS**

The SACCO Society shall keep and maintain an up to date, and in a proper, accurate and business-like manner, in an electronic manner within its Management Information System (MIS), including and but not limited to the books of accounts and records as stipulated in the SACCO Societies Act,

the Regulations 2020, the Co-operative Societies Act, the Co-operative Societies Rules, these By-Laws and any other applicable law; and in particular –

- a) A register of all registered members.
- b) A register of members' nominees.
- c) A register of all policies and procedure manuals approved by the Board, including any amendments to the policies and procedure manuals.
- d) A minute books giving details of proceedings of meetings of the Board of Directors; the Board Committees; the joint Board and Supervisory Committee; the Supervisory Committee; and any other meetings held in accordance with these By-Laws.
- e) Minute book giving details of proceedings at the General Meetings.
- f) A cashbook showing the details of all monies received or paid out by the SACCO Society.
- g) A general ledger containing such accounts as is necessary to accurately reflect the business of the SACCO Society.
- h) A personal ledger for each member showing all the transactions with the SACCO Society.
- i) A register of assets and property.
- j) A loan application register showing amounts and the date when the loan was applied.
- k) A loan listing of loans to members showing in respect of each loan, the loan number, name of the borrower, age of borrower, gender of the borrower, the amount borrowed, the purpose of the loan, application date, interest applied, amortization type, repayment period, disbursement date, security, outstanding balance, the due date of repayments and the date repayments were completed and any other matter prescribed;
- l) Such other books and records as the board or the Authority may decide or prescribe from time to time.

## **26.2 FINANCIAL STATEMENTS TO BE NOMINATED IN KENYA SHILLINGS**

The accounts and the financial records of the SACCO Society shall be denominated in Kenya shillings and shall comply with International Financial Reporting Standards (IFRS) and any reporting requirements as prescribed in the SACCO Societies Act, the Regulations 2020, or as the Authority may direct generally or specifically,

## **27.0 POLICIES AND PROCEDURE MANUALS**

### **27.1 BOARD OF DIRECTORS TO MAKE POLICIES**

The Board of Directors of the SACCO Society shall make and approve such policies and procedures as they shall deem necessary for the conduct of the business of the SACCO Society, including but not limited to the policies prescribed in the SACCO Societies Act; the Regulations, 2020; these By-Laws and any applicable law, or as may be directed by the Authority from time to time.

### **27.2 REGISTER OF POLICIES**

The SACCO Society shall maintain an updated register of all policies and/or procedure manuals made and approved by the Board of Directors, an original copy of the policy duly; containing the name and/or other particular details of the policy, the date of approval of the policy; where any amendments have been made to the policies, the date of approval of the amendment.

### **27.3 RULES**

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 rules 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.

### **28.0 INSPECTION OF DOCUMENTS, BOOKS OF ACCOUNTS ETC,**

#### **28.1 INSPECTION BY AUTHORITY**

All the books of accounts, financial statements and other records, whether held physically or electronically, shall at all times be available for inspection by the Authority, the Commissioner and/or the Supervisory Committee

#### **28.2 INSPECTION OF REGISTRATION AND AUTHORIZATION CERTIFICATES**

The SACCO Society's By-Laws; the original Registration Certificate issued under the Co-operative Societies Act; and the original Authorization Certificate issued under the SACCO Societies Act; shall at all times be available and prominently displayed in a conspicuous place within the SACCO Society's registered head-office, for inspection by the Authority, the Commissioner, members, any other government agency, or pursuant to any applicable law.

#### **28.3 INSPECTION OF REGISTER OF MEMBERS**

The register of members (excluding details of nominees and shareholdings, deposits and loans), maintained in accordance with the SACCO Societies Act, the Regulations 2020, and these By-Laws, shall be available for inspection by the any member and any other stakeholder upon payment of a prescribed fee.

#### **28.4 AUTHORITY TO INSPECT POLICIES**

The SACCO Society shall, when required to do so by the Authority, promptly avail copies of its policies and the register for inspection, in accordance with the requirements of the SACCO Societies Act and the Regulations, 2020.

### **29.0 LOANS**

#### **29.1 LOANS TO MEMBERS**

- (a) All loans shall be approved by the Credit and Risk Management Committee, and ratified by the Finance and Administration Committee, and shall be restricted to members.
- (b) The rate of interest on loans shall be fixed by the Board of Directors and communicated to the members.
- (c) All loans shall be applied for on forms provided by the Society for the purpose. The loan application shall be signed by the member and in each case, shall set forth the amount applied for, the purpose for which the loan is desired, the terms of repayment, the security, if any, and such other information as the Credit Committee may require. All applications for loans and the reports of the Credit Committee thereon, shall be filed as permanent record of the Society.
- (d) Loan applications shall be considered by the Credit Committee in the order in which application is made unless the loan is deemed to be an "Emergency Loan".



- (e) The Credit Committee may require an applicant to appear before it personally to be interviewed in respect of his application for a loan.
- (f) The loan repayment form shall clearly state the amount of the loan, the rate of interest, the terms of repayment, and the security.
- (g) No loan shall be made to any member more than 5% of the Society's total assets nor for a period is exceeding what contained in the loan policy.
- (h) Loans may be granted to Board members, employees of the Society provided:
  - i. The loan complies with the By-laws and is not on terms more favourable than those extended to other borrowers,
  - ii. The loan is approved by the Credit Committee, if any, and thereafter by the Board of Directors,
  - iii. The applicant takes no part in the consideration of his application and does not attend the Credit or Board of Directors meeting at which his application is being considered.
- (i) The Society employees, Board of Directors members, Supervisory Committee members, shall not be guarantors to members' loan applications to avoid conflict of interest in case of default on repayment.

## **29.2 SECURITY FOR LOANS**

- (a) The Credit Committee shall ask for such security for loan as it may consider necessary. The Guarantees and Deposits of a member may be taken as security.
- (b) In the event of delinquency of loans for one month, the Board shall write to the Loanee and effect the necessary charges.
- (c) Where there is after 90 days continued delinquency, the Board may off-set the loan balance by calling in the Guarantee.
- (d) The Board may refuse to accept as a Guarantor a person who himself is in receipt of a loan, and may decline to grant a loan subsequently to a member while he remains liable as Guarantor.
- (e) A borrower or Guarantor may apply to the Credit Committee or Loan Officer for a change of Guarantors.
- (f) Any other security as provided for in the Loan policy.

## **29.3 REPAYMENT OF LOANS**

- (a) A borrower may, on any day on which the Society is open for business, repay his loan in whole or in part prior to maturity.
- (b) A request for an extension of time in which to pay shall be agreed to by the Board of Directors only in the most exceptional circumstance. Any extension so granted shall be treated as though it were a new loan, and an extension agreed shall be executed and signed. This shall require fresh guarantor's consent.
- (c) At every regular meeting of the Board of Directors, the item on LOANS shall appear on the agenda. At the meeting, the Treasurer shall present an up-to-date listing of delinquent borrowers showing:
  - Name
  - Account number
  - Date of loan
  - Date of last payment
  - Unpaid balance of loan

- Number of months delinquent
- Borrower's share balance
- Security, guarantors, if any

The Board of Directors shall thereupon act to collect the overdue accounts.

- (d) Any loan more than three months overdue shall be referred to the Board of Directors for appropriate action.

### **30.0 DISPUTE RESOLUTION**

#### **30.1 REFERENCE TO THE TRIBUNAL**

If any dispute arises, which cannot be determined by the Board of Directors or the General Meeting or through Alternative Dispute Resolution mechanisms, concerning the business of the SACCO Society -

- a) Among members, past members and persons claiming through members, past members, and deceased members; or
- b) Between members, past members or deceased members, and the SACCO Society, its committee, or any officer of the SACCO Society; or
- c) Between the SACCO Society and any other Co-operative Society; or
- d) Between the SACCO Society and the Authority.

Then, such dispute shall be referred to the Co-operative Tribunal established under the Co-operative Societies Act.

#### **30.2 APPEALS TO THE HIGH COURT**

All appeals emanating from the Co-operative Tribunal shall be filed in the High Court in accordance with the provisions of the Co-operative Societies Act.

#### **30.3 ALTERNATIVE DISPUTE RESOLUTION MECHANISMS**

A dispute between a SACCO Society and its members or other persons may be settled amicably through Alternative Dispute Resolution mechanisms; and at the instance of either party to the dispute; such a dispute may be referred to the Authority for alternative dispute resolutions.

### **31.0 COMMON SEAL OF THE SACCO SOCIETY**

#### **31.1 ADOPTION AND USE OF COMMON SEAL**

The SACCO Society shall adopt and use a common seal. The seal shall have an imprint bearing the words "Seal of Utafiti Savings and Credit Co-operative Society Limited Regulated Non-WDT-SACCO" which shall be different from the ordinary name-stamp of the SACCO Society.

#### **31.2 CUSTODY OF THE COMMON SEAL**

The common seal of the SACCO Society shall at all times be kept securely under lock and key by the Chief Executive Officer; and shall be used only in the presence of the officers authorized to sign documents on behalf of the SACCO Society.

#### **31.3 USE OF THE COMMON SEAL IN DOCUMENTS**

Where the common seal of the SACCO Society is used in any document, the seal shall be

authenticated by the signature of the Chairman of the Directors and the Chief Executive Officer or any other officer authorized by the Board of the SACCO Society.

## **32.0 MISCELLANEOUS**

### **32.1 AUTHORIZED SIGNATORIES**

Unless decided otherwise by the General Meeting, all documents, contracts, and cheques shall be signed on behalf of the Society by at least three of the following with the Chief Executive Officer being a mandatory signatory.

- Chairman
- Vice-Chairman
- Treasurer
- Secretary

### **32.2 DISTRIBUTION OF SURPLUS FUNDS**

Subject to the SACCO Societies Act, the Regulations, 2020, any directives of the Authority, and approval by the General Meeting, the net surplus resulting from operations of the SACCO society during any financial year may be disposed-off as follows –

- a) Credited to the Reserve Fund.
- b) b) Disposed of as decided by the General Meeting –
  - a) For 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 members of the Board, Supervisory Committee and/or bonus to management staff, or
  - d) In any other way recommended by the Board and approved by the General Meeting.

### **32.3 RESTRICTION ON PAYMENTS OF DIVIDENDS, HONORARIA ETC**

The SACCO Society shall not declare or propose for payment or pay any dividends on shares or honorarium or bonus to any officer, or make any other gratuitous payments to any officer, where the SACCO Society –

- a) Has not met or maintained the prescribed core capital and capital adequacy requirements.
- b) Has not met or maintained the prescribed liquidity ratios.
- c) Has not complied with any specific or general directives issued by the Authority in respect of the financial condition of the SACCO Society.
- d) Has been prohibited by the Authority from making such payments pursuant to the SACCO Societies Act and the Regulations, 2020.

### **32.4 INSPECTION OF DOCUMENTS**

All books of accounts and other records shall always be available for inspection by the members of the Board of Directors of the Society. A copy of the Act, Registration Certificate, its By-laws, and a list of its members excluding details of nominees and shareholdings or loans shall be available for inspection by any member

### 32.5 FINES FOR BREACH OF BY-LAW

Any member of the SACCO Society, who without lawful cause breaches or violates these By-Laws or lawful instructions issued by the Board of Directors and/or the General Meeting, or who fails to honour his/her obligations on time, may be fined a sum of money not exceeding twenty thousand shillings (Kshs 20,000.00)

### 32.6 DISSOLUTION AND LIQUIDATION

The SACCO Society shall be dissolved and/or liquidated in accordance with the procedures set forth in the SACCO Societies Act, the Regulations 2020, the Cooperative Societies Act and the Co-operative Societies Rules.

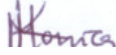
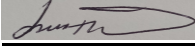

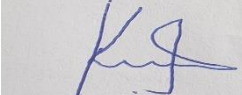
### 32.7 AMENDMENT OF BY-LAWS

These By-Laws may be amended only in accordance with the Co-operative Societies Act and the Co-operative Societies Rules, and the SACCO Societies Act and the Regulations, 2020 made thereunder, provided that –

- a) The SACCO Society shall obtain a prior written approval of the Authority before proposing to members any amendments to these By-Laws; and
- b) No amendment shall become effective until it is approved and duly registered by the Commissioner.

### 32.8 ACCEPTANCE

We, the undersigned Board of Directors of **Utafiti Savings and Credit Co-operative Society Limited (Regulated Non - WDT - SACCO)** named herein do hereby accept these by laws for and on behalf of the SACCO Society.

NAME & DESIGNATION	IDENTITY CARD NUMBER	SIGNATURE	DATE
<b>Monica K. Kansiime</b> CHAIRMAN	A00322194 (PP)		May 13, 2021
<b>Lucy Muthui</b> VICE CHAIRMAN	11565310		May 13, 2021
<b>Josephat Otieno</b> HON. SECRETARY	21513748		May 13, 2021
<b>Symon Chebor</b> TREASURER	22923476		May 13, 2021

### OFFICIAL CERTIFICATION

I CERTIFY that the foregoing by-laws of **Utafiti Savings and Credit Co-operative Society Limited (Regulated Non - WDT - SACCO)** have been approved and duly registered.

Given under my hand at Nairobi this ..... Day of ..... 20.....

**COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT**