



**BY-LAWS**

**OF**

**UKULIMA SAVINGS & CREDIT  
CO-OPERATIVE SOCIETY  
LIMITED**

**REVISED: MARCH 2015**

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## **1. NAME AND AREA OF OPERATION**

### **1.1 NAME**

The Sacco Society shall be called:-

Ukulima Savings and Credit Co-operative Society Limited hereinafter referred to in the by-laws as “The Sacco Society”.

### **1.2 AREA OF OPERATION**

The area of operation shall be Nairobi County with membership drawn from the Republic of Kenya and other counties as may be necessary.

## **2. REGISTERED OFFICE/ POSTAL ADDRESS**

### **2.1 REGISTERED OFFICE**

The registered office of the Society shall be at:

UKULIMA CO-OPERATIVE HOUSE, LR NO. 209/5003–HAILE  
SELLASIE Avenue, Nairobi

### **2.2 POSTAL ADDRESS**

The Postal Address shall be:

P.O. Box 44071 – 00100 Nairobi, Kenya.

### **2.3 WEBSITE ADDRESS**

The Website address shall be:-

[Http://www.ukulimasacco.coop](http://www.ukulimasacco.coop)

### **2.4 E-MAIL ADDRESS**

The email address shall be:-

[info@ukulimasacco.coop](mailto:info@ukulimasacco.coop)

Notice of any change of address shall be given to the Commissioner for Co-operative Development, herein after referred to as ‘The Commissioner’, The Sacco

Societies Regulatory Authority (SASRA), any other relevant authorities, all members and other stakeholders through the branch network, and one newspaper with National circulation.

### **3. OPENING AND RELOCATION OF SACCO SOCIETY'S BRANCH**

The Sacco Society shall seek a written approval from the Authority to open a new branch or relocate a branch

### **4. DEFINITIONS / INTERPRETATIONS**

- a) In these by-laws, unless the context otherwise suggests words or phrases shall be defined or interpreted in accordance with the Sacco Societies Act, 2008 and Sacco Societies Regulations 2010 herein after referred to as the "Act" and "Regulations" respectively, the Co-operative Societies Act Cap 490 Laws of Kenya and the Rules made there-under herein after referred to as the "Co-operative Act" and "Rules" respectively.
- b) In these by-laws, save as otherwise expressly stated:
- (i) "Delegates Meeting" shall be a meeting (either "annual" or "Special") for all delegates duly convened by the Sacco Society to conduct its business.
  - (ii) "Board of Directors" shall refer to the persons elected in a duly convened Delegates Meeting to govern the Business of the Sacco Society as per these by-laws herein referred to as the "Board".
  - (iii) "Delegate" shall mean a member elected by the members to a leadership position of a branch to represent them.
  - (iv) "Commissioner" means the Commissioner for Co-operative Development appointed under section 3(1) of the Co-operative Societies Act, Cap490 or any other person whom on any of the powers of the commissioner have been conferred in accordance with the Act.
  - (v) In these By-Laws where masculine gender is referred to, it shall include the female gender.
  - (vi) "Tribunal" shall mean the Co-operative Tribunal established under the Co-operative Act to hear and determine disputes.

- (vii) "SACCO Society" means a savings and credit co-operative society registered under the Co-operative Act and licensed under the Sacco Societies Act, 2008.
- (viii) "Authority" shall mean the Sacco Societies Regulatory Authority
- (ix) "Core Capital" shall mean fully paid up members' shares, capital issued, disclosed reserves, retained earnings, grants and donations all of which are not meant to be expended unless on liquidation of the Sacco society
- (x) "Share Capital" – shall mean the amount represented by a member's portion in equity of the Society as a co-owner. Shares shall only be transferable but not withdrawable.
- (xi) "Applicable Law" shall mean the Sacco Societies Act, 2008 and the Regulations, Co-operative Societies Act, Rules, these by-laws and any other law applicable in the Republic of Kenya.
- (xii) "Co-operative Society" shall mean a society registered under the Act.
- (xiii) "Front Office Services Activity" (FOSA) SHALL MEAN THE Society's Activity that accepts deposits, pays it out on demand and gives credit to customers.
- (xiv) "Back Office Service Activity" (BOSA) shall mean the Society's Activity that accepts members deposits/shares that are not readily withdrawable and gives loans.
- (xv) "Deposit" means a sum of money received or paid on terms under which it shall be repaid with or without interest or premium and either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and the person receiving it

- (xvi) "Interest on deposits"-shall mean a member's share of the surplus of the society which is divided amongst members, calculated by reference to the proportion which that member's deposits bear to the total deposits of the society.
- (xvii) "Dividend" shall mean members share of the surplus of the society which is divided amongst its members based on shares owned.  
"Dividend"-shall mean a members share of the surplus of the society which is divided amongst members, calculated by reference to the proportion which that members shares bear to the total share capital of the society.
- (xviii) "Returning officer" is a person duly appointed to oversee or conduct the elections of a co-operative society at a general meeting.
- (xix) "Member" is a person admitted to membership after registration in accordance with the by-laws.
- (xx) "A nominee" means a person appointed by the member to inherit the shares, deposits and other interests in the society upon the death of that member.
- (xxi) "Audit Committee" is a subcommittee of the Board constituted as per the Regulations
- (xxii) "Member in good standing" means a member who is current on the repayment of his loan 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 set by the society.
  - a) Class A membership – individual contributors
  - b) Class B membership consisting of other individuals and groups admitted into the membership other than class A.
- (xxiii) Nairobi Branches.....



- (xxiv) "Branch" shall mean an electoral zone which is a representative area, duly created by the board from which official(s) may be elected.

## **5. OBJECTS**

- 5.1 The objects for which the Sacco society is established are to organize and promote the quality of life of the members by providing quality financial products and services.
- 5.2 In particular, the Sacco society shall undertake:
- (i) To promote thrift among its members by affording them an opportunity for accumulating their savings and deposits and providing them with credit exclusively for provident and productive purposes, at fair and reasonable rate of interest; thereby enabling them to use and control their money for their mutual benefit.
  - (ii) To ensure personal growth through the introduction of investments, new products and services that will promote the economic base of the members.
  - (iii) To ensure progress of members and Sacco Society through continuous education programs on savings and proper use of credit, improvement of human dignity and co-operation and reduction of poverty
  - (iv) To apply the co-operative principle of co-operation among co-operatives in order to promote members' interests. In furtherance to its objects, the society may affiliate to the relevant International, Regional, National Co-operative Unions and Apex Bodies in the Co-operative movement.
  - (v) To provide welfare services as may be determined by Board from time to time.
  - (vi) To ensure safety and soundness of the members funds through Risk Management Programme or any other appropriate insurance scheme.

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

## **6. CO-OPERATIVE PRINCIPLES AND VALUES**

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

### **a) PRINCIPLES**

#### **(i) Voluntary and open membership**

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

#### **(ii) Democratic member control**

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

#### **(iii) Economic participation by member**

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

#### **(iv) Autonomy and independence**

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

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

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

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

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

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

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

**b) VALUES**

The Society's core values shall include self-help, mutual responsibility, equality and equity. It shall practice honesty and integrity, openness and social responsibility in all its activities.

Society shall:-

- (i) Be Committed to providing excellent and efficient services to our customers;
- (ii) Be a responsible Corporate Citizen;
- (iii) Believe in democratic and the participation of members;
- (iv) Cherish good governance, integrity, transparency and accountability;
- (v) Uphold human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized;
- (vi) Cherish creativity, innovation and continuous learning.

**7. MEMBERSHIP**

Membership shall consist of:-

- (i) Original members who signed the application for registration.
- (ii) New members subsequently admitted in accordance with these By-Laws
- iii) Member shall be classified as follows:-
  - a) Class A membership – individual contributors
  - b) Class B membership consisting of other individuals and groups admitted into the membership other than class A.

## **8. QUALIFICATION FOR MEMBERSHIP**

A person who possesses the following qualifications shall be eligible for membership:-

- (i) Has attained the age of 18 years.
- (ii) Is of good character and sound mind
- (iii) Pays the entrance fee and share capital as prescribed in these by-laws.
- (iv) Is an individual or employee of bodies or agencies as approved by the Board of Directors
- (v) Provided no member shall belong to another Sacco society having similar objects or common bond
- (vi) Is not directly or indirectly, a money lender, cash daily collector or carrying out such activities detrimental to the objectives of the Sacco
- (vii) Is an employee of the Society
- (viii) Is a member of the immediate family of an existing member.
- (ix) A registered corporate body

## **9. APPLICATION FOR MEMBERSHIP**

### **9.1 NEW MEMBERSHIP**

- (a) Every applicant for membership shall complete an“ Application for Membership” form. This form may be drawn so as to show all the information required for the purpose of Register of members.
- (b) The completed form upon receipt and admission shall be allocated a membership number, filed in the members personal file and the number given be entered in the members register.

In the event of loss of the original membership card, a duplicate card shall be issued at a fee as determined by the Board.

- (c) An applicant shall be admitted to membership on being accepted by the Board and upon payment of Kshs 500/= entrance fee for individual and KShs.2000/= for a corporate body or such other amount for entrance fee as may be determined by the board from time to time.

## **10. RE-ADMISSION TO MEMBERSHIP**

- (a) A member who withdraws from the society may rejoin upon application and approval by the upon completing a prescribed form.

- (b) A Re-Admission fee of kshs.1,000/= or such other amount as may be determined by the board from time to time.
- (c) Upon re-admission the rejoining members shall be treated as a new member for purposes of qualification of members' rights and obligations

Upon admission/re-admission by the Board, a member will be issued with a membership identification card and a copy of the society By-laws available.

## **11. REFUSAL OF ADMISSION**

The Board of Directors may refuse admission to a person after assigning reasons for their decision. Such a person, if not satisfied, shall have the right to appeal to the next Delegates Meeting through an elected delegate. Any such appeal must be supported by at least 50 delegates and upon payment of a fee of Kshs.2, 000. The decision of the Delegates meeting on the matter shall be final.

## **12. RIGHTS OF MEMBERS.**

A member of the Sacco society, subject to the Membership policy, shall have the right to the following:

- i) Attend, participate and vote at branch meetings of The Sacco Society. Each member shall have one vote irrespective of the member's share holding,
- ii) To elect and to be elected as a delegate of the society, subject to these by-laws;
- iii) Enjoy the use of all the facilities and services of the society subject to the society's by-laws;
- iv) Inspect any legitimate information relating to the society, including, internal regulations, registers, Minutes of delegates meetings and supervisory committees reports, annual accounts and inventories at the society's registered office.
- v) Receive, periodically and regularly, at least twice a year a personal statement of Accounts in respect of all containing the individualized record of his credit and debit transactions or upon request.
- vi) Patronize the Sacco Society services according to the policies and procedures approved by the Board.
- vii) Propose initiatives to the Board for consideration.

- viii) All other rights as prescribed by the Act and Rules

### **13. OBLIGATIONS OF MEMBERS**

- I. A member of the society shall have the obligation to:
- II. Be faithful and honest in all their dealings with the Society,
- III.
- IV. Repay loans promptly and regularly
- V.
- VI. Save Regularly
- VII. Observe and comply with all the society's by-laws and decisions taken by the relevant organs of the society;
- VIII. Protect the image of the Society and avoid negative acts which may injure the reputation of the Society;
- IX. Save regularly with the Society to mobilize loanable funds;
- X. Observe the code of conduct and ethics for Co-operative Societies as established under the Public Officer Ethics Act No 3 of 2004, and in particular desist from any corrupt practices in all dealings with the society;
- XI. Bring out problems affecting The Sacco Society and assist in solving them
- XII. Attend branch meeting and take part in decision making
- XIII. Buy and pay up for shares or make any other regular payments provided for in these By-laws;
- XIV. Support projects of the society approved by the relevant authority
- XV. Comply with the Society By-Laws and respect decisions taken by the society in accordance with these by-laws
- XVI. Meet the debts of the society in case of insolvency in accordance with the provisions of the Act and these by-laws.

### **14. MEMBERS PERSONAL ACCOUNT**

- a) The Sacco Society shall maintain an account for each of its members through which shares, deposit and loan transactions with the member shall be recorded.
- b) Term deposit accounts shall be evidenced by a receipt or a statement that clearly states the member's name, the certificate and account number, the date of the deposit, the amount of the deposit, the term of the deposit, the

interest rate, and dates of interest payments and penalties for early withdrawal.

## **15. PENALTIES**

- a) Any member who willfully acts in violation of these By-laws or regulations made there under shall be liable of a fine not exceeding Kshs.20,000 (Twenty thousand shillings) for each offence notwithstanding any other action that may be taken against him in accordance with the Act, Rules, these By-laws or any other law.
- b) The Board of Directors of the society shall have powers to hear and determine matters relating to any alleged violations of By-laws by a member
- c) Any member aggrieved by the decision of the board of Directors may appeal to the Annual Delegates meeting whose decision shall be final provided this provision should not prejudice a Member's right to refer the matter to the tribunal, if the issue constitutes a dispute.

## **16. MEMBER'S PERSONAL STATEMENT**

- i) The Sacco Society shall provide each member, at least once every six months or on request a statement at a fee, for each outstanding credit facility that provides adequate detail of each transaction made during the period.
- ii) The Society shall be using the "check off" system, cash payment or standing orders for payment of members' shares, deposits and for loan repayments.

## **17. TERMINATION OF MEMBERSHIP**

Membership in the Sacco society shall cease with effect from the date of:

- (i) Death
- (ii) Withdrawal
- (iii) Expulsion
- (iv) Being certified insane
- (v) Being declared bankrupt
- (vi) Transferring all shares to another member.
- (vii) Failure to remit regular savings and loan repayments for a continuous period of six months without valid reasons or leave of the Sacco society.

(viii) Ceasing to hold qualification for membership as specified in these by-laws.

## **18. SUSPENSION AND EXPULSION**

The Board of Directors may suspend a member pending the decision of a delegates meeting who may expel or reinstate, who:-

- i) Willfully fails to fulfill his/her obligations to the society whether stated in these by-laws, general internal regulations, a resolution of the delegates meeting or in contravention of any other legal document, provided such a member has been called upon to do so but has failed,
- ii) Is convicted in a court of law for a criminal offence involving dishonesty or fraud or is, imprisoned for a period of three months or more,
- iii) Is a member of another society having similar objectives,
- iv) Acts in any manner prejudicial to the interests of the society.
- v) For any other reason approved by the Annual Delegates Meeting and/or as may be contained in the Society's code of Ethics.

No member shall remain in suspension for a period of more than 12 months.

## **19. PROCEDURE OF SUSPENSION AND EXPULSION**

- (i) Upon formal and written proof that a member has committed a violation punishable by expulsion, the Board of Directors shall serve a thirty (30) days written notice to the member stating the reason(s) for the proposed expulsion and requiring him/her to file a defense
- (ii) Upon the expiry of the 30 days and taking into consideration the member's defense if any, the Board of Directors shall initiate administrative inquiry and make a decision on its findings within 15 days. The Board may;-
  - a) Suspend the member pending expulsion by a Delegates Meeting or
  - b) Impose any other punishment as provided for in the applicable law.
- (iii) The Board shall present the case to the next Delegates meeting which may either lift the suspension or expel the member or take any other lawful action.
- (iv) The decision of the Delegates Meeting on such expulsion shall be final



- (v) A member who is expelled from the society shall have the right to appeal to the tribunal or to the subsequent Annual Delegates Meeting on filing an appeal with the secretary no less than 30 days before the date of the delegates meeting.
- (vi) Upon hearing the appeal, the Delegates meeting may;-
  - a. Reinstate the member
  - b. Confirm the suspension and consequently expel the member
  - c. Impose such a fine as it may deem fit
- (vii) The decision of the Delegates Meeting on such expulsion shall be final

## **20. VOLUNTARY WITHDRAWAL**

- a) Members with no liability or outstanding obligations on their accounts and no outstanding collaterals or guarantees for other Member's loan may withdraw from membership at any time, provided that where a member has an outstanding obligation in respect of guarantee he shall continue to be responsible unless alternative arrangements acceptable to the society are made.
- b) Partial Withdrawal of Deposits
  - Eligibility shall be considered if a member has attained compulsory retirement age or has retired from service.
  - i. A member who is eligible shall apply in writing to the Board for partial payment of his deposits
  - ii. No shares will be paid on withdrawal
  - iii. Any member having deposits in excess of liabilities may offset such liabilities from the deposits

## **21. NOTICE OF VOLUNTARY WITHDRAWAL**

- a) A member may at anytime withdraw from the Sacco society by giving at least sixty (60) days written notice to the Board of Directors during which time the

society will settle the member's accounts and refund the member's shares if he has no outstanding liability with the society.

## **22. PAYMENT ON CESSATION OF MEMBERSHIP**

Cessation or termination of membership either through withdrawal or expulsion shall not exonerate a member from any existing personal or membership liability.

A member who withdraws or is expelled shall be repaid the following amounts after deductions of any debts owed by him to the Sacco Society as borrower, endorser, and guarantor or otherwise:-

- (i) The book value of deposits provided however, that the Directors shall require a maximum of 60 days written notice of intention to withdraw deposits.
- (ii) Any dividends or interests due to him on the date membership ceased.
- (iii) Any other funds other than shares held by the society on his/her behalf.

## **23. NOMINEE**

- a) Every member shall nominate in writing one or more persons as nominee(s) whom upon his death, the shares, deposits and any other interests in the society shall be transferred.
- b) The nomination shall be attested to by at least two witnesses who are members of the society.
- c) The names of such nominee(s) shall be entered in the nominee register.
- d) Where more than one nominee is appointed by a member he shall specify the amount of shares to be transferred to each nominee. Provided however where no amount is specified each of the nominees shall receive equal shares.

- e) A member desirous of changing nominee(s) may do so at any time provided that such change or alteration is in writing and signed by the member in presence of two competent attesting witnesses.
- f) The particulars of the nominee(s) shall be recorded and kept in a sealed envelope to be safely kept in the custody of the Chief Executive Officer and whose reference shall be entered in the register of members.

#### **24. PAYMENT TO NOMINEE**

The society after obtaining such documentary proof of the death of a member as it may consider necessary, shall pay to the nominee within 60 days the value of the deceased member's deposits, interest and dividend after deducting monies owed to the society, if any. The nominee may also receive payments from the sinking fund, Risk management or any approved insurance programme.

#### **25. ADMISSION OF NOMINEE**

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

#### **26. REQUIREMENT FOR ELECTION AS A BRANCH DELEGATE**

- a) To qualify for a delegate one must be a class A member and must meet the following minimum conditions:-
  - i) Minimums shares/deposits of KSh.200, 000.
  - ii) Shall have been a member for at least 3 (Three) years
  - iii) Shall be an account holder at the FOSA and must have been channeled salary through FOSA, at least for a year.
  - iv) Shall be a member of Burial Benevolent Fund and fully contribute the prescribed amount
  - v) Shall be of good standing character.
  - vi) Shall be faithful and loyal to the society.
  - viii) Shall not be an employee of the Sacco.

## **27. BRANCH OFFICE MEETINGS**

- a) Branch Meetings shall take place annually and shall consist of members of the Branch only.
- b) The quorum in such a meeting shall be 50% of the members .
- c) Branch Meetings shall be presided by Branch Chairman or any elected representative in the absence of the Branch Chairman.
- d) The Branch Secretary shall take minutes but in his/her absence where there are two Delegates one of them shall take minutes or in their absence any member nominated by the members present.
- e) Branch officials shall meet at least 12 (twelve) times in a year but not less than once in three months.

## **28. FUNCTIONS OF THE BRANCH OFFICIALS**

- (a) Branch officials shall be the sole representatives of a Branch to the Annual or Special Delegates Meetings and each delegate shall have one vote on all matters before the Annual or Special Delegates Meeting.
- (b) Branch officials shall be elected for a period of three years and shall be eligible for re-election after expiry of the three years.
- (c) Any branch official who fails, without any apology to attend three consecutive Branch Meetings shall be disqualified and the branch members shall elect another member to replace the disqualified official;
- (d) The duties and responsibilities of Branch official shall include:-
  - i) Representing members of a branch at the Annual Delegates meeting.
  - ii) Recruit new members
  - iii) Organizing, Disseminating and educating members on society policies, rules and procedures.
  - iv) Organizing society functions at the branch level.
  - v) Promoting positive image of the Sacco society at the Branch.

- vi) Ensuring that the Act, Rules and the By-laws are strictly observed in the branch
  
- vii) Marketing and Promotion of the Sacco Society's products and services
  - (i) Liaising with The Sacco Society headquarters
  - (ii) Act as a link between The Sacco Society and different employer organizations
  - (iii) Approval of Branch Emergency Loans (BELA)
  - (iv) Recommendations of Normal Loans to the Headquarters
  - (v) General administration of the branch
  - (vi) Other duties and responsibilities as may be directed by the Board from time to time.

## **29. FUNDS OF THE SACCO SOCIETY**

The funds of the Sacco Society shall consist of:

### **a) Core Capital**

- i. Fully paid up members' shares, which is considered as part of the SACCO institutional capital, are non-refundable, cannot be used as a guarantee to obtain a loan; and are not insured by the Sacco Deposit Guarantee Fund (SDGF). These funds cannot be expended unless on liquidation of the Sacco Society (Sacco Act 2008, article 59 (1) of the SACCO Act);
  
- ii. The SACCO shall comply with and maintain at all times the minimum institutional capital requirements as may be prescribed by the Regulatory Authority; any surplus resulting from the operations of the society may be utilized as dividend to members (SACCO Act 2008, article 29).
  
- iii. Provisioning for loan losses (bad debts) (SACCO Act 2008, article 40 (1) (2) (a), article 33, (3) (b))
  
- iv. A reserve fund maintained as required by the SACCO Act and such other reserves as may be required by the Authority.

### **b) Income**

- (i) Interest, fees and charges, penalties, and commissions
  - (ii) Entrance fee as may be determined from time to time by the Board
  - (iii) Any donations, grants or gifts from other bodies, organizations or individuals
  - (iv) Funds obtained from other lawful miscellaneous sources
- c) Liabilities**
- i. Liabilities which include deposits from members and borrowings from other sources as may be prescribed by the Authority.

### **30. APPLICATION OF FUNDS**

The funds of the society shall be applied for the promotion of the stated objectives and purpose of the society as set forth in these By-laws and as determined or approved by the Delegate meeting.

### **31. CAPITAL ADEQUACY**

**a) The Sacco Society shall at all times maintain:-**

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

- b) The funds of the society shall only be applied for the promotion of the stated objects of the society as set forth in these by laws, and shall be invested in:
  - i. Loans to members.
  - ii. Securities issued or guaranteed by the government or any agency of the government.
  - iii. Deposits obligations or other accounts of deposit taking institutions under the banking Act
  - iv. Shares, stocks, deposits in, loans to or other obligations of any Sacco Society or Co-operative Society.

- c) **Investments under (iii) and (iv) above shall not in the aggregate,**
- i. Exceed such proportion of total core capital and deposits of the Sacco Society as prescribed in the Regulations.

## **32. SHARES**

- a) Every member shall hold at least 500 shares of Kshs.20 each or as shall be determined by a Delegates Meeting. However, no member shall hold more than one-fifth of the total shares of the Sacco Society.
- b) Any amount may be accepted towards purchase of shares, provided, however that the Annual Delegates Meeting may fix a minimum that may be paid in by a member at any one time.
- c) Shares that have been paid into the Sacco Society are considered part of the “**core capital**” and are not withdrawable unless the Sacco Society is liquidated. Member’s shares cannot be utilized as a guarantee to obtain a loan or credit facility from the SACCO. The Sacco Society does have first charge against deposits and share capital and any dividend and interest payable to a member for any debt due to the society from the member either as a guarantor or endorser of a loan or a credit facility or for any other obligation. Shares in the Sacco will be carried in the disclosure part of the financial statement in the Capital area. (SACCO Act 2008, article 42 (a))
- d) With the approval of the Board of Directors a member may at any time transfer his shares to another member. Such transfer must be in writing and at a nominal value.
- e) All transfer of shares must be registered with the Chief Executive Officer, and no transfer shall be valid unless so registered. A fee of Kshs.500 or as may be determined by the Board shall be paid to the society by the transferee.
- f) The shareholding of a member who fails to complete payment of the required minimum shares within two years of his admission to membership, or of a member who reduces his share balance below the set minimum and does not increase the balance to the required

minimum within two years of reduction may be subjected to a fine upon authorization of the Board of Directors.

Before such fine is levied, such member shall be sent a written notice to his last known address which shall provide that, unless his share balance is increased to minimum shares, or his shareholding are withdrawn within 30 days of the date of the notice his balance shall be absorbed by a fine provided however that notice need not be sent to a member whose balance is less than Kshs.500/=.

### **33. SAVINGS**

- a) No member may withdraw savings below the amount of their primary or contingent liability to the SACCO if they are delinquent as a borrower, or if borrowers for whom they are co-maker, endorser, or guarantor are delinquent, without the written approval of the credit committee or loan officer. (Sacco Act 2008, article 36).
- b) The Sacco shall have a first charge against deposits and upon any dividend or interest payable to a member for any debt due to the society from the member, either as a guarantor of a loan/credit facility or any other obligation from the society.
- c) The Sacco may refuse to allow withdrawals from any deposit account operated by the member where the member is in arrears on a debt owed to the society. (Sacco Act 2008, article 36 (2))
- d) The treatment of members' dormant accounts shall be in such manner as may be prescribed by the Regulatory Authority. (Sacco Act 2008, article 37)
- e) A member shall have the right at any time give the office 60 days written notice of intention to withdraw deposits in whole.

### **34. DEPOSITS**

- i) Non-withdrawable deposit accounts shall be operated in accordance with the Sacco Society's by-laws and the amount accumulated in the account may be used as loan collateral.
- ii) Where a Sacco society operates non-withdrawable deposit accounts, every member shall contribute on a monthly basis or at such



prescribed periods and in such amounts as may be determined by the Sacco Society.

- iii) A Sacco Society may refund the amount saved in his non-withdrawable deposit account within sixty days after receiving a written notification from the member.
- iv) Non-withdrawable deposits shall attract interest at a rate to be determined by the Sacco Society as dictated by external market forces and internal funding needs.

### **35. LIABILITY**

- (i) The liability of a member shall be limited to the nominal value of the shares held by him.
- (ii) In the event of liquidation, where available funds are insufficient to pay the full nominal value of the shares held by members; the funds shall be distributed pro-rata among the shareholders according to the amount of shares held by each.
- (iii) In addition to (ii) above members shall be compensated by the Deposit Guarantee Fund as provided in the Regulations.

### **36. POWER TO BORROW**

- (i) Loans may be obtained from non-members subject to the maximum amount and terms approved by the Delegates Meeting provided the total borrowing by the Sacco Society does not exceed 25% of the Total Assets as prescribed in the Regulations.
- (ii) For the securing of any loans accepted by the Sacco Society under 26(1) the Sacco society may grant a charge over its assets. The authority to grant a charge shall be reserved to the Delegates Meeting.
- (iii) The rate of interest on loans shall not exceed the prevailing market rate.

### **37. RECEIPTING OF MONEY**

- (i) Money received on account of shares, deposits, Loans, interest's fees or fines shall be recorded and evidenced as provided in the approved policies and procedures manuals.

- (ii) Should the Member's Personal Account or other receipts given to the Members by the society be lost or destroyed, immediate notice of such fact shall be given by the member to the Chief Executive Officer who may authorize for issuance of a duplicate Member's Personal Account or duplicate receipt.
- (iii) The Chief Executive Officer may require the member to sign an indemnity to protect the society against any loss due to the issuance of such duplicate. The Chief Executive Officer may also require payment to the society of a reasonable charge to cover the cost of issuing the duplicate Member's Personal Account provided the amount charged does not exceed Kshs. 200/=.

### **38. PAYMENT AND DISBURSEMENT**

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

### **39. ANNUAL DELEGATES MEETING**

The Supreme Authority shall be vested in the Annual Delegates Meeting of which shall be constituted by the Branch Delegates and shall have not more than 330 members. The number of delegates shall be determined by the Board subject to approval by the Annual Delegates Meeting. Such meetings shall be held as follows:-

- a) The Annual Delegates Meeting shall be held within four months after the close of the financial year to hold elections and to undertake such other business as laid down in these By-laws.
- b) Any business not completed at the Annual Delegates Meetings, such as acting upon the Auditor's Report (if not received by the time of meeting), may be taken up at a subsequent Special Delegates' Meeting or at the next Annual Delegates' Meeting.
- c) A Special General Meeting shall be held:-
  - i) When convened by the Directors or the Commissioner or his representative.
  - ii) Within 15 days of receipt of a written demand from at least 100 or one fifth of the delegates whichever is less.

#### **40. NOTICE OF A SPECIAL OR ANNUAL DELEGATES' MEETING**

- a) Except as noted above, at least 15 (fifteen) clear days written notice shall be given to the members in the case of an Annual Delegates' Meeting or a Special Delegates' Meeting. The National Secretary shall take all possible and usual steps, such as announcements at public meetings or posting a notice on the Society's notice Board at its registered office or, an advertisement in the local newspaper(s) or newssheet, or any other media to inform all delegates of the date, venue and main business of the meeting. All written notices shall include a statement of the business to be dealt with.
- b) The notice of the Special Delegates' Meeting shall clearly specify all the issues to be discussed. The Special Delegates Meeting shall deal exclusively with the issues for which it was convened.
- c) An annual Delegates Meeting or a Special Delegates Meeting of members, convened solely for this purpose, shall have exclusive power to amend the Sacco Society's By-laws.
- d) All meetings of members shall be conducted according to the procedures and rules of order approved by the Board of Directors.

#### **41. DELEGATE MEETING**

The supreme authority of the society shall be vested in the Delegates Meeting of members constituted by branch officials. Such meetings shall be held as follows:-

- a) An Annual Delegates Meeting shall be convened within four months after the end of the society's financial year.
- b) A Special Delegates Meeting of the society may be held when convened by the:-
  - (i) Board of Directors.
  - (ii) Commissioner.
  - (iii) Board of Directors within 21 days of receipt of a written request by at least 100 delegates or one third of the delegates.

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

- c) Delegates in (b) iii) above, if the Board fails to convene a meeting within twenty one (21) days of receiving notice under the Co-operative Act. The delegates shall give notice to the other delegates of the society, stating the object and reasons for the meeting and the fact that the Board has failed to convene the meeting.
- d) Any business not completed at the Annual Delegates Meeting, may be taken up at a subsequent Special Delegates Meeting of the society.

#### **42. NOTICE OF MEETINGS**

- a) Except as noted above, at least fifteen (15) clear days' notice shall be given in the case of an Annual Delegates Meeting or a Special Delegates Meeting.
- b) For a Special Delegates Meeting requisitioned by the delegates, the requesters must state the object of the meeting being called and be signed or thumb-marked by the requisite number of delegates. The requisition shall be deposited in the registered office of the society.

Where the Special Delegates Meeting has been convened by the Commissioner or his representative, the Commissioner shall direct what matters shall be discussed in the meeting and the members present in the meeting shall be deemed to constitute a quorum.

- c) The National Secretary shall take or cause to be taken all possible and usual steps, such as announcements at public meetings or posting a notice on the society's notice Board or an advertisement in the local newspaper or news-sheet, or any other media to inform all delegates of the date, venue and main business of the meeting. All written notices shall include a statement of the business to be dealt with.
- d) The notice of the Special Delegates Meeting shall clearly specify all the issues to be discussed. The Special Delegates Meeting shall deal exclusively with the issues for which it was convened.

- e) An Annual Delegates Meeting or a Special Delegates Meeting, convened solely for this purpose, shall have the exclusive power to amend the Sacco Society's By-laws in accordance with the SACCO Act, rules and regulations established by the Regulatory Authority.
- f) All meetings of delegates shall be conducted according to the procedures and rules of order approved by the Board of Directors.
- g) Any Other Business at least within Seven days written notice to Hon. Secretary.

#### **43. QUORUM**

Except when convened by the Commissioner, the presence of at least 100 or one third of the total delegates whichever is less shall constitute a quorum for the conduct of the business at Delegates Meeting. When a quorum is not attained, the Chairman shall adjourn the meeting and fix a date within one (1) month of the adjourned meeting which shall adequately advertised and publicized. If in such a meeting a quorum is again not attained, the Chairman shall declare the meeting open with those present, one-half hour after the advertised time of the meeting.

#### **44. VOTES ON MOTIONS AT DELEGATES MEETINGS**

- a). The motion to revoke a specific decision taken by the Board or to remove a Board member from office must be approved by a vote of 2/3 majority.
- b). Amendments of these By-laws shall be approved by simple majority of the Members present at the Delegates Meeting.
- c). Any other motion shall be approved by simple majority of vote.

#### **45. BINDING RULE**

All the provisions in these By-laws, decisions made by the Delegates Meeting, shall be binding to all members both present and absent to the same extent as if it was voted for by each and every member by himself/herself.

#### **46. CHAIRMAN AT MEETING**

The Chairman or in his/her absence the Vice-chairman shall preside at every Delegates Meeting. In their absence, any Board member elected by a majority of the

delegates present shall preside; failing which any delegate elected by a majority of those present shall preside.

#### **47. IDENTIFICATION OF DELEGATES**

Before they may attend or vote at a Delegates Meeting, each delegate shall be required to produce a pass card, latest pay slip or some evidence of current membership or identify himself/herself in a satisfactory manner.

#### **48. DUTIES OF ANNUAL DELEGATES MEETINGS**

- i) All delegates have a right to attend the Delegates Meeting and participate in its deliberations; however they may be required to identify themselves
- ii). The Delegates Meeting shall have the powers and duties prescribed in the Co-operative Act and Rules. The Sacco Societies Act and Regulations and these by-laws.  
It shall:
  - a) Consider and confirm the minutes of the previous Delegates Meeting.
  - b) Consider reports of committees, the Commissioner or his/her representative and the audited accounts on the 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 the Act, Regulations, Co-operative Act and Rules.
  - d) Elect or remove members of the Board of Directors and the Supervisory Committee, subject to the Act, Regulations and these by-laws.
  - e) Fix the indemnity for the elected Board of Directors and Supervisory Committee members.
  - f) Consider recommendations on expulsion of members and refusal of membership by the Board.
  - g) Fix the maximum liability which the 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 Delegates Meeting.
- i) Approve the honoraria for Board members, Supervisory Committee, delegates and bonus for employees of the society, if any.
- j) Appoint auditors of the society for the ensuing year.
- k) Approve affiliation to National Co-operative Organization for SACCO societies and the Apex society.
- l) Transact any other business of the society for which notice has been given to delegates in the manner prescribed in these by-laws.

#### **49. MINUTES**

All business discussed at all Delegates meetings shall be recorded in a minute book which, within one week of the meeting shall be signed by the Chairman of the meeting, the secretary and at least one other Board member who was present at the meeting, to verify that in their opinion, the minutes are true and complete record of all important matters which were discussed or decided at the meeting. At the next meeting, after approving any alterations or variations, which shall be written immediately below the above signatures, and not as alterations to the original record, the meeting shall, by resolution, authorize the chairman to sign and date the final record.

#### **50. RECORD OF BUSINESS**

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

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

## **51. ELECTIONS OF BOARD OF DIRECTORS**

The tenure of Board of Directors and Supervisory committee shall be three years but retiring board members shall be eligible for re-election:

- (i) There shall be a Nominating Committee which shall comprise of five (5) members; at least one member will be from a professional body, Chief Executive Officer, an Officer from the Ministry responsible for Co-operative and the internal auditor. The committee may be expanded as may be determined by the Board of Directors.
- (ii) The role of the nominating committee shall be to vet or determine the suitability of members aspiring for directorship in line with the Act, society's bylaws and the regulatory authority.
- (iii) Candidates must be members in good standing. They must submit their names to the nominating committee within 21 days prior to elections to enable the Nominating Committee to ascertain that their suitability.
- (iv) The nominated candidates shall be presented to the delegates at the Annual Delegates Meeting prior to elections.
- (v) All elections shall be determined by simple majority vote of the delegates present and shall be by secret ballot, show of hands or any other method specifically requested by a majority of the delegates present except where there is only one nominee for the office. If there is a tie vote, the election shall be repeated.
  - a) Irrespective of the number of shares and amount of deposits held by him/her, no delegate shall have more than one vote.
  - b) Within 10 days after their election the names and address of all persons elected to office shall be kept compiled by the Chief Executive Officer of the society.
- (vi) After the elections, the Board of Directors shall pick the ballot to determine the tenure of office. In the first instance the Chairman and Vice-Chairman shall serve a term of three years but be eligible for re-election. Other members of



the Board of Directors shall pick the ballot to determine three members who shall serve for one year, three members to serve for two years and one member to serve for one year but shall be eligible for re-election.

(vii) Within fourteen (14) days of the elections, the Honorary Secretary shall forward to the Commissioner the names and addresses of all persons elected.

(viii) A new Board member or Supervisory Committee member elected at the Delegates Meeting shall not assume office unless they have satisfied the requirements of the Act, Rules and these by-laws as to the indemnity and ethics.

(ix) The Board shall be elected from amongst the Delegates of Nairobi County Branches for the effective operations of the society affairs.

## **52. THE BOARD OF DIRECTORS**

(i) The Board of Directors shall be the governing body of the Sacco society elected from the delegates and shall consist of a minimum nine members who are non executive.

(ii) The Board shall be the policy making body and shall be elected by and from the Delegates and shall consist of nine members. All Board members shall be above 21 years of age. The Board shall include the Chairman, Vice-Chairman, Treasurer and Secretary all of whom shall be elected by the board members.

(iii) The Board members shall be elected during the Annual Delegates Meeting for a term of three (3) years, with one third (1/3) retiring annually on rotation and shall be eligible for re-election.

(iv) The Board shall include the National Chairman, National Vice chairman, National Treasurer and National Secretary all of whom shall be elected by the Board from amongst the members of the Board.

- (v) Where the membership of the committee falls below five the committee shall co-opt qualified delegate(s) into the Board until the next Delegates Meeting.

### **53. BOARD CHARTER**

The basic responsibility of the Board of Directors is to exercise their business judgment to act in what they reasonably believe to be in the best interest of the Sacco.

In discharging that obligation, Directors will be guided by several documents:-

- i) Sacco Societies Act, Rules and Regulations
- ii) Society Policies and Operations Guidelines
- iii) Board Charter
- iv) All other Applicable Laws

While adhering to high ethical standards

- vi) Co-operative Society's Act Cap. 490
- (vii) This by-laws

### **54. ELIGIBILITY FOR MEMBERSHIP TO THE BOARD OF DIRECTORS**

- a) Shall be a delegate from Nairobi Area
- b) Shall have minimum deposits of Kshs.500, 000.
- c) Shall have served as a delegate for at least 2 (two) terms
- d) Shall meet the fit and proper test requirements as per SASRA Regulations
- e) No person shall be eligible as a member of Board of Director if he/she:-
  - i) Has not been a member of the Sacco Society for at least six years prior to the Annual Delegates Meeting.
  - ii) Has been adversely named by the Commissioner or his/her representative in an inquiry report endorsed by an Annual or Special Delegates Meeting for mismanagement or corrupt practices whilst still a member of the Board of Directors of a co-operative society or union in the last ten years, or named in any other national inquiries where he/ she has been shown to be engaging in dishonest activities,

- iii) Has been adversely named by the Authority in an inspection report for mismanagement or corrupt practices while still a member of the Board of a Sacco society
- iv) Has been charged and convicted of any offence involving dishonesty or has been imprisoned for three months or more with a crime involving fraud, perjury or breach of contract of a licensed financial institution.
- v) Is delinquent on loans with the SACCO for more than 60 days within 2 years prior to elections;
- vi) shall have attained a minimum of "O" Level Certificate of Education
- vii) Is un-discharged bankrupt;
- viii) Is under 18 years of age;
- ix) is of unsound mind;
- x) Is a Board member of another existing Sacco society licensed under the Act;
- xi) Is an official of or holds a political office at any level
- xii) Does not conform to minimum qualification standards in accordance to the applicable law.
- xiii) Has not declared wealth as per the Public Officer's Ethics Act and signed the Sacco Society Conflict of Interest Policy and disclosure.
- xiv) Has been removed from public office on disciplinary action and has not been approved by SASRA before elections are held.

## **55. BOARD OF DIRECTORS MEETINGS**

- (i) Meetings for the Board shall be held at least once each month and at other times as necessary. At least five members of the board shall form a quorum for the disposal of business.
- (ii) If a member of the Board fails to attend three consecutive meetings without being excused thereon, or otherwise fails to perform his/her duties, the position will be declared vacant and filled as provided for in these by-laws.

## **56. RECORD OF BUSINESS OF THE BOARD OF DIRECTORS**

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

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.

## **57. DUTIES AND POWERS OF THE BOARD OF DIRECTORS**

The Board of Directors of the society shall, subject to any directions from the Delegates Meeting generally direct the affairs of the society. Its procedures, powers and duties shall be as prescribed by the Act, Regulations, Co-operative Act and Rules and these by-laws. In particular, it shall:-

- a) Observe in all its transactions the Act and the Regulations, Co-operative Act and the Rules, these By-laws and prudent business practices.
- b) The Board of Directors shall be the governing body of the Sacco society elected from the delegates and shall consist of a minimum of five and not more than nine members who are non executive.
- c) The Board shall be the policy making body and shall be elected by and from the Delegates and shall consist of nine members. All Board members shall be above 21 years of age. The Board shall include the Chairman, Vice Chairman, Treasurer and Secretary all of whom shall be elected by the board members. The Board shall be elected from amongst the delegates of Nairobi County branches for the effective operations of the society affairs.
- d) Establish and approve appropriate policies including human resource management, savings, liquidity, investment, dividend, risk management, membership administration, cash handling and information management and preservation.

- e) Ensure that true and accurate records and accounts are kept of the Society's funds, and its properties, capital reserves, liabilities, income and expenses as prescribed in the Sacco Act 2008; Section 40.
- f) Decide the amount and kind of surety bond, or other security, which shall be required of the Board of Directors, Chief Executive Officer, and any other officer or employee having the custody of, or handling fund or property of the Society, provided that it is in compliance with the Sacco Act or any other provisions established by the Regulatory Authority.
- g) Prepare and develop business plans and annual budgets for presentation at the Delegates Meeting;
- h) Appoint such number of Board committees as maybe necessary to effectively discharge its functions;
- i) 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;
- j) Cause the audited accounts to be displayed in a conspicuous place at its registered office and branches at least two weeks before presentation of accounts to its delegates at the delegates meeting;
- k) Lay before the Delegates Meeting audited accounts, together with proposals for the disposal of net surplus, if any;
- l) Recommend to the Delegates Meeting the dividend rate to be paid on shares, if any, and interest to be paid on non withdrawable deposits;
- m) Fill through co-option, vacancies occurring in the Board of Directors between Delegates Meetings;
- n) Authorize the conveyance of properties;
- o) Authorize borrowing of the Sacco Society in accordance with the law.
- p) Approve and review lending policies of the Sacco Society to ensure compliance with the Law.

- q) Approve or ratify all loans to Members, Directors and employees of the Sacco Society;
- r) Approve interest rates on loans to members as recommended by Finance Committee,
- s) Designate a depository or depositories for the funds of the Sacco Society;
- t) Prepare and approve a code of conduct in the form set out in the third schedule of the Regulations;
- u) Employ and fix the remuneration of the employees including the appointment of Chief Executive Officer in accordance with the approved Human Resource Policy;
- v) Report within 15 days the appointment, resignation or removal of the Chief Executive Officer to SASRA
- w) Impose fines as provided for under these by-laws;
- x) Ensure that the Sacco Society pays its statutory levies to the Authority as and when they fall due;
- y) Ensure adequate provisions for known and probable losses and recommend to the Delegates Meeting the write-off of bad debts.
- z) Perform or authorize any actions consistent with the Act, the Regulations and these by-laws, unless specifically reserved for the Delegates Meeting;
- aa) To provide adequate budget for education and training of members, delegates and the capacity development of the Board, Supervisory Committee and staff.
- bb) Receive and consider reports from the established Board committees.

**58. DELEGATION TO EMPLOYEES**

- (i) The Board of Directors may delegate to the Chief Executive Officer of the Sacco society such duties as it deems fit.
- (ii) Nothing in (i.) above shall absolve the Board from its responsibility of running the affairs of the Sacco Society in a proper and businesslike manner.

**59. EXPENDITURE**

No expenditure shall be authorized by the Board of Directors and/or management unless it is provided for in the estimates formally approved by the Delegates Meeting.

**60. LEGAL STANDARD OF CARE**

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

**61. INDEMNITY**

All Board Members shall each provide an indemnity of an amount approved by the Delegates Meeting. A duly completed Form V in the schedule to the Rules shall be lodged with the Commissioner within 14 days upon election to the board.

**62. DECLARATION OF WEALTH**

Every Board member and Supervisory Committee member shall within 30 days of being elected declare wealth and biennially as per the Public Officers Ethics Act to the Commissioner in the prescribed manner.

**63. SUSPENSION OF A BOARD MEMBER**

- a) The Authority may suspend from duty any Board Member charged in a court of law with an offence involving fraud or dishonesty pending the determination of the matter.
- b) The majority of the Board Members may suspend a Board Member subject to ratification by the delegates meeting for;
  - (i) Failure to disclose vested interests.
  - (ii) Any other good cause.

**64. REMOVAL OF A BOARD MEMBER FROM OFFICE**

A member of the Board of Directors shall cease to hold office if he/she:

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

#### **65. EXECUTIVE COMMITTEE**

The National Chairman, National Vice-Chairman, National Treasurer and National Secretary shall be termed "Executive Committee". The Executive Committee shall be elected at a meeting of the Board of Directors in accordance with the Act and the Rules. The Executive Committee shall provide oversight role on Tender, Procurement and Disposal activities of the Sacco Society.

#### **66. BOARD CHAIRMAN AND VICE CHAIRMAN**

The Board Chairman shall:

- a) The Chairman shall preside at meetings of the delegates and at meetings of the Board.
- b) Prepare or cause to be prepared the agenda of society's meetings in consultation with Board members.
- c) Ensure that all resolutions and directives of the ADM and those of the Board are carried out in accordance with provisions of the Act, the Rules and these by-laws.
- d) Direct the affairs of the society.
- e) No person shall serve in the post of Chairman for more than three consecutive terms. This notwithstanding, if this services are required, a waiver to this condition shall be approved by the Annual Delegates Meeting.

#### **67. THE VICE CHAIRMAN**

- (a) The Vice Chairman shall deputize the Chairman.
- (b) He shall perform such other duties as he may be directed by the Board.
- (c) He shall be the Chairman of Education Committee.
- (d) Shall be responsible for training and education of society members, delegates and committees.
- (e) Chairman of the Credit Committee.



## **68. THE NATIONAL TREASURER**

The National Treasurer should have financial management background. The powers and duties of the National Treasurer shall be: -

- (a) To guide the financial affairs of the society in a competent manner.
- (b) To ensure that proper record is kept of all monies received and Paid out by the society, Its assets, liabilities, capital reserve and its Income and expenses.
- (c) To ensure the safe keeping of the society's money, securities and books of accounts.
- (d) To ensure that all payments and expenditures are duly authorized.
- (e) To ensure compliance with all financial directives of the Board and the Commissioner not inconsistent with the provision of the Act, Rules and these By-laws.

## **69. NATIONAL SECRETARY**

The duties of the National Secretary are to:-

- (i) To record minutes of the Board and Annual Delegates meeting.
- (ii) To prepare and send notices of meetings.
- (iii) Ensure that the Sacco society's correspondence is promptly and correctly attended to.
- (iv) Perform such other duties as may be directed by the Board of Directors.

## **70. SIGNATORIES TO OFFICIAL DOCUMENTS**

Unless decided otherwise by the Board of Directors all documents, contracts and Cheques shall be signed by any three, on behalf of the Sacco Society by:-

- (i) National Chairman
- (ii) National Vice Chairman,
- (iii) National Treasurer
- (iv) National Secretary and
- (v) Chief Executive Officer or Deputy Chief Executive Officer

**71. BOARD COMMITTEES / SUB COMMITTEES**

- a) Board committees and sub committees shall consist of persons drawn from the Board of Directors.
- b) The Board of Directors may delegate to the Board-committees and sub committees some of its duties under these by-laws as it deems fit.
- c) These committees shall meet quarterly or as directed by the Board of Directors.
- d) The committees :-
  - i. Shall keep minutes of their work at all times
  - ii. May delegate to the management any of their functions but shall retain the responsibility

**72. FINANCE, INVESTMENT, ICT & STRATEGY COMMITTEE**

The Finance Committee shall consist of three members from the Board including the Treasurer who shall serve as its Chairman. Its duties shall be to:

- i) Review and make recommendations to the Board on the financial plans of the Sacco society ensuring its adequacy and soundness in providing for the Sacco Society current operations and long term stability
- ii) Review, discuss and make recommendations to the Board concerning significant financial planning, management and reporting issues of the society.
- ii) Review periodic financial statements of the Sacco society before submission to the Board.

- iv) Consider and advice the Board on investments and borrowings.
- v) Make recommendations to the Board on capital expenditure projects.
- vi) Ensure all expenditure of the Sacco society are within the approved budgets
- vii) Monitor the management's adherence to the procurement plans approved by the Board
- viii) Review and make recommendation on finance related policies including investments, capital adequacy and financial performance monitoring.
- ix) Ensure the Sacco society adheres to liquidity management policies as prescribed in the Regulations.
- x) Review loan interest rates and other levies proposed by the management and make recommendations to the Board for approval.

### **73. STAFF MANAGEMENT AND ADMINISTRATION COMMITTEE**

The Staff Management Committee shall consist of three members of the Board, The Chief Executive or his deputy. The Committee is responsible to the Board on the following matters:-

- i) Receive and recommend to the Board all staff welfare matters including recruitment, induction, training appraisals, promotion and disciplinary matters.
- ii) Review and make recommendations on appropriate Human Resource Policies,
- iii) Review and recommend the organizational structure and establishment of the Sacco Society
- iv) Ensure the Sacco Society has staff with relevant skills and experience.
- v) Ensure that periodic reviews of staff performance are conducted.

- (vi) Ensure that Training Needs Assessment is carried out and recommendations submitted to the Board.
- vii) Review and recommend to the Board staff Training and Development programmes
- viii) Examine and recommend Human Resource expenditure for approval by the board.
- ix) Prepare the Human Resource budget for Board approval.
- x) Ensure establishment of management succession plan in the Sacco society.
- xi) Ensure the management adheres to the approved human resource and related policies

#### **74. EDUCATION AND MARKETING COMMITTEE**

The Education and Marketing Committee shall consist of three members of the Board, The Chief Executive Officer or his deputy. The Committee is responsible to the Board on the following matters:-

- a) Review and recommend educational programmes and budgets for members, delegates, Board members, and the general public for approval by the Board.
- b) Monitor implementation of educational programs formulated to ensure that the members, delegates, the Board and the general public are well trained and prepared for the tasks they are entrusted with.

#### **75. AUDIT COMMITTEE**

- a) The Audit Committee shall consist of three members appointed from the Board, one of whom shall be conversant with financial and accounting matters. The chairman of the Board of Directors shall not be a member of the Audit Committee.
- b) The primary responsibility of the Audit committee shall be as prescribed in the Regulations as per section 57 of the Act, which includes:-
  - i) Ensuring establishment and review of the internal control system.

- iii) Review internal management and control systems, performance and findings of the internal auditor and recommend remedial actions regularly and at least once in every three months;
  
- iii) Recommending three names of external auditors and the remuneration to the Board of Directors;
- iv) Reviewing coordination between internal and external audit functions as well as monitor external auditors independence and objectivity;
- v) Report to the board of directors on their findings and recommendations;

## **76. CREDIT COMMITTEE**

The Credit Committee shall consist of three members of the Board of Directors whose chairman shall be the Board Vice Chairman and the Chief Executive Officer or his deputy. Its duties among others shall be to:-

- (i) Ensure establishment and review of appropriate credit policy consistent with the relevant provisions of the Regulations and these Bylaws.
- (ii) Ensure that non-performing and under-performing loan accounts are adequately identified and classified as prescribed in the Regulations and ensure recovery measures are instituted.
- (iii) Ensure adequate provisions for potential loss is maintained.
- (iv) Ensure prompt approval of loans as per the credit policy subject to availability of funds

- (v) Ensure that all loans granted are adequately secured and no member is allowed to over guarantee
- (vi) Review periodic credit and loan portfolio reports of the Sacco Society before submission to the Board.

#### **77. FORMATION OF OTHER SUB-COMMITTEES**

For the purpose of the proper management and efficient rendering of services to the members, the Board may from time to time create or abolish a committee.

#### **78. SUPERVISORY COMMITTEE**

- (a) The Sacco Society shall have a Supervisory Committee consisting of three members each elected at the Delegates Meeting.
- (b) Eligibility of members to serve as supervisory committee shall be the same as for the board of directors as defined by law in section 54.-
- (c) The Supervisory Committee shall meet regularly to conduct their business and quarterly with the board.

#### **79. ELECTION OF SUPERVISORY COMMITTEE**

The Supervisory Committee shall be elected by the delegates at the Annual Delegates Meeting.

Members of the Supervisory Committee shall serve for a period of three years; one member shall however retire annually, but be eligible for re-election. No person who has been a member of the Board of Directors within two (2) years preceding the date of the anticipated election shall be eligible for election to the Supervisory Committee and no person who has been a member of the supervisory committee within 2 years preceding the date of the anticipated election shall be eligible for election to the Board

The Supervisory Committee members shall choose among themselves, a Chairman, and a Secretary. The Secretary of the Supervisory Committee shall prepare, maintain and keep custody of the records of all actions taken, including evidence of any audits performed by the Committee.

#### **80. DUTIES OF THE SUPERVISORY COMMITTEE**

The duties of the Supervisory Committee shall include:

a) The Supervisory Committee shall be the watch dog of the Sacco Society. The Supervisory Committee in conjunction and coordination with the internal auditor must ensure that the society's internal controls and financial matters of the Sacco are maintained in a safe and sound manner. The reports by the supervisory committee submitted to the Board of Directors will contain any shortcomings, violations of policy, procedures or any applicable laws and the relevant recommendations.

b) The Supervisory Committee is responsible in ensuring that the Sacco in carrying out its activities and operations is in compliant with the Sacco Act, rules, and the regulations and internal controls of the Sacco and in particular the committee will do verification of society transactions and related matters and submit periodic reports as per the Sacco act, bylaws and co-operative societies Rules.

## **81. THE CHIEF EXECUTIVE OFFICER**

- a) The chief executive officer shall be appointed by the board and shall be responsible for the day to day operations of the Sacco society and in particular ensure;
- (i) The implementation of and adherence to the policies, procedures and standards;
  - (ii) Systems that have been established to facilitate efficient operations and communication are followed
  - (iii) The planning process that has been developed to facilitate achievement of targets and objective is adhered to.
  - (iv) All staff matters, particularly human resource development and training are attended to.
  - (v) Adherence to the established code of conduct;
  - (vi) Compliance with the act, regulations, co-operative act, rules these by laws and any other applicable laws.



- b) The chief executive shall ensure that the board is frequently and adequately appraised on the operations of the sacco society through presentation of relevant reports which shall cover, but not limited to the following:-
- (i) Financial statements (monthly, quarterly and annual); showing current compared with past period actual performance, the budget compared with the actual and with explanations for any variances;
  - (ii) Capital structure and adequacy;
  - (iii) Delinquent loan list, and in particular growth in loans, loan losses, recoveries and provisioning;
  - (iv) Statement of comprehensive income (monthly, quarterly and annual) comparison with budgeted against actual;
  - (v) Sources and application of savings and deposits;
  - (vi) All insider lending and non-performing insider loans if any.
  - (vii) Violation of the act, these regulations and any other applicable law, and remedial actions taken to comply;
  - (viii) Large risk exposures;
  - (ix) Investment portfolio;
- c) The Chief Executive Officer shall;
- i) Attend all Board and Delegates meetings as an ex-officio member.
  - ii) Be a signatory to Sacco society cheques, contracts and other documents as may be necessary.
  - iii) Perform such other duties as may be assigned by the Board of Directors.
  - iv) Financial Statement – within 14 days after the close of each month, the Chief Executive Officer shall prepare and submit to the Board a financial statement showing the condition of the Society at the end of each month.
  - iv) Ensure that correspondences to the Society are promptly responded to.

- vi) Supervision of all Sacco Staff.
- vii) Applications for membership shall be delegated to the Chief Executive Officer of the Sacco, who shall be required to submit monthly reports to the Board of Directors, who shall ratify them during their monthly Board meeting.

## **82. TENDER COMMITTEE**

The tender committee shall exercise its roles in accordance with the provisions of the Public Procurement and Disposal Act& Regulations 2006, and by-law 62.

## **83. BOOKS OF ACCOUNTS AND RECORDS**

The Sacco Society shall keep up-to date and in a proper businesslike manner such books of accounts and records as stipulated in Co-operative Act and Rules, and in particular:-

A register of members showing in respect of each member:-

- (i) Name, age, date of application for membership, address and occupation;
- (ii) Date of admission to membership;
- (iii) Number and value of shares held
- (iv) Date of cessation of membership,
- (v) Name and particulars of nominees, and
- (vi) Any other information as may be required by the society from time to time.

Minute books giving details of proceedings of Board of Directors, Board committees, joint board and Supervisory Committee, Supervisory Committee meetings and all other committee meetings held in accordance with these by-laws.

- i. Minute book giving details of proceedings at the Delegates Meetings.
- ii. A cashbook showing the details of all monies received or paid out by the Society.
- iii. A general ledger containing such accounts as is necessary to accurately reflect the business of the Society.

- iv. A personal ledger for each member showing his/her transactions with the society.
- v. A register of assets and property owned by the Sacco Society.
- vi. A register of loans to members showing in respect of each loan; the loan number, name of the borrower, the amount borrowed, the purpose of the loan, Loan security, the due date of repayments and the date repayments were completed.
- vii. Such other books and records as the Board of Directors or the Authority may decide or prescribe.

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

#### **84. POLICIES & PROCEDURES**

The Board of Directors shall make and approve such policies and procedures as prescribed in the Regulations and as they deem necessary for the conduct of the Sacco Society's business. Any such policies and procedures shall be recorded in the minute book.

#### **85. CODE OF CONDUCT**

- (i) The Board, Committees and officers of the Sacco Society shall comply with governance Rules as prescribed by the Ethics Commission for Co-operatives.
- (ii) The Sacco Society shall formulate a code of conduct in accordance with third schedule of the regulations which shall be approved by the Authority.

#### **86. COMMON SEAL**

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

- (i) The Common Seal shall be kept securely under lock and key by the Chief Executive Officer and be used only in the presence of the officers authorized to sign documents on behalf of the Sacco Society.
- (ii) Where the Common Seal is used in any document it shall be authenticated by the signature of the Board Chairman and the Chief Executive Officer or any other officer authorized by the Board of the Sacco Society and witnessed by at least one member of the Executive Board.

#### **87. FINANCIAL YEAR**

The financial year of the Sacco society shall be from 1<sup>st</sup> January to 31<sup>st</sup> December

#### **88. DISPOSAL OF SURPLUS FUNDS**

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

- a) Credited to the Reserve Fund.
- b) disposed of as decided by the Delegates Meeting for:
  - (i) Paying dividends on shares and interest on deposits after fulfillment of capital adequacy requirement
  - (ii) Being forwarded to Education Fund or any other fund or funds of the Sacco Society including the appropriations.
  - (iii) Paying honorarium to Board members, Supervisory Committee, delegates and bonus to staff.
  - (iv) In any other way recommended by the Board of directors and approved by the Delegates Meeting.

#### **89. FINES**

For any breach of these by-laws or lawful instructions issued by the Board of Directors and Delegates Meeting, or failure to honour his/her obligations on time, the

member may be fined an amount not exceeding Kenya Shillings Twenty Thousand (KES. 20,000 )

## **90. DISPUTES**

If any dispute concerning the business of the Sacco Society arises: -

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

Which cannot be determined by the Board of Directors or Delegates Meeting), it shall be referred to the Co-operative Tribunal Court. Appeals shall be taken to the High Court.

## **91. MISCELLANEOUS**

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

**92. INSPECTION OF DOCUMENTS**

- a) All books of accounts and other records shall at all times be available for inspection by the Authority, Supervisory Committee and the members.
- b) The by-laws of the Sacco Society and the registration certificate shall at all times be available for inspection by the Authority and the Commissioner.
- c) A list of members (excluding details of nominees and shareholdings, deposits and loans) shall be available for inspection by any member and any other stakeholder upon payment of a prescribed fee.

**93. DISSOLUTION**

The Sacco Society shall be dissolved in accordance with the procedures set forth in the Co-operative Act and Regulations and the Rules.

**94. AMENDMENT OF BY-LAWS**

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

**95. ACCEPTANCE**

We the undersigned Board Members of Ukulima Savings and Credit Co-operative

Society Limited named herein do hereby accept these by laws for and on behalf of the society.

<b>TITLE</b>	<b>NAME</b>	<b>ID. NO.</b>	<b>SIGNATURE</b>
NATIONAL CHAIRMAN	.....		
<i>NATIONAL VICE CHAIRMAN</i>	.....		
<i>NATIONAL SECRETARY</i>	.....		
<i>NATIONAL TREASURER</i>	.....		

**OFFICIAL CERTIFICATION**

I CERTIFY that the foregoing by-laws of the ..... Savings and Credit Co-operative Society Limited have been approved and duly registered. Given under my hand at Nairobi this ..... Day of ..... 20.....

**COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT**