

KENPIPE DEPOSIT TAKING SACCO SOCIETY LIMITED



**AS AMENDED
SEPTEMBER , 2023**

KENPIPE SACCO SOCIETY BY-LAWS

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PART ONE – NAME, ADDRESS AND LEGAL DESIGNATION

1. NAME AND AREA OF OPERATION

The Society shall be called **Kenpipe Deposit Taking Sacco Society Limited**, hereinafter referred to in these By-laws as “the Society” and its area of operation shall be within the Republic of Kenya.

2. REGISTERED OFFICE AND POSTAL ADDRESS

a) The registered office of the Society shall be at Kenya Pipeline Company Offices at Industrial Area, off Nanyuki Road and its postal address shall be: P. O. Box 314-00507, Nairobi.

Telephone 020-550971

Cell: 0710610900, 0735700971

Email: info@kenpipesacco.com

Website: www.kenpipesacco.com

b) Any change of address of the Society shall be furnished to the Commissioner for Co-operatives, (hereinafter referred to as “the Commissioner”), the Sacco Societies Regulatory Authority (hereinafter referred to as ‘the Authority’) and to the members of the Society within 30 days of such change.

3. OPENING AND RELOCATION OF SOCIETY’S BRANCH

The Society shall seek a written approval from the Authority to open a new branch, relocate or close a place of business.

4. DEFINITIONS AND INTERPRETATIONS

- (a) “**Applicable Law**” – In these by-laws, unless the context otherwise requires, the following words or phrases shall be defined/interpreted in accordance with the co-operative societies Act No. 12 of 1997, Co-operatives Societies (Amendment) Act No. 2 of 2004, and the co-operatives societies rules, 2004 made thereunder, hereinafter referred to as “The Act” and “The Rules” respectively and which term shall include their subsequent amendments.
- (b) “**Apex Society**” means a Society formed at the National level by the co-operative movement in Kenya and registered under the Act to promote co-operative development and represent the interest of co-operative societies locally and internationally.
- (c) “**Audit, Risk and Compliance Committee**”- Committee of the Board established as per the Regulations.
- (d) “**Authority**” shall mean the SACCO Societies Regulatory Authority.

- (e) “**Board of Directors**” has the meaning assigned thereto in the Co-operative Society Act, 1997; the reference made to the management committee of the co-operative society.
- (f) “**BOSA**” is an acronym for Back Office Service Activity that offers non-withdrawable deposit services.
- (g) “**By-laws**” has the meaning assigned thereto in the Co-operative Societies Act, 1997.
- (h) “**Branch**” means a retail and physical location, other than the headquarters from where the Society offers a wide variety of face to face and automated financial services to members.
- (i) “**Common Bond**” shall mean any unifying factors that bring members together.
- (j) “**Commissioner**” shall mean “the Commissioner for Co-operative Development as provided for in the Co-operative Act.”
- (k) “**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 Society.
- (l) “**Dividend**” shall mean members share of the surplus of the society which is divided amongst its members based on shareholding.
- (m) “**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.
- (n) “**Date of Dissolution**” means the date on which the commissioner’s cancelling the registration of a co-operative society takes effect.
- (o) “**Deposit Guarantee Fund**” means the SACCO Deposit Guarantee Fund established by PART 55 of the SACCO Act, 2008.
- (p) “**Dormant Account**” means an account maintained by the Society which is not operational or has had no transactions by the depositor within the maximum period prescribed in Kenpipe Deposit Taking SACCO Society policies.
- (q) “**FOSA**” is an acronym for Front Office Savings Activity (Deposit-Taking SACCO Business) that offers withdrawable/demand deposit services including other counter services otherwise also referred to as “banking” services

- (r) “**Delegates General Meeting**” shall be a meeting (either “annual” or “special”) for all delegates duly convened by the Society to conduct its business.
- (s) “**Guarantor**” means a person or persons who support a member’s application for a loan and undertake to make good any default.
- (t) “**Institutional Capital**” means and is comprised of statutory reserves, entrance fees, appropriation accounts, donated equity, a permanent capital base and any other reserves established by the Society’s Board of Directors for which no claim has been placed upon it by members or other parties.
- (u) “**Minors**” shall mean people who are not at least 18 years of age who may not vote or hold office or borrow from the Society.
- (v) “**Member in Good Standing**” means a member who is current on the repayment of his loan payments due to the Society, 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.
- (w) “**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.
- (x) “**Officer**” in relation to the Society, means a director or any other person, by whatever name or title he may be called or described, who carries out or is empowered to carry out functions related to the overall direction of the deposit-taking Society or takes part in the general management thereof.
- (y) “**Personal Representative**” means any person who, under law or customs, is responsible for administering the estate of a deceased person.
- (z) “**Place of Business**” means the Society’s head branch, branch, or outlet, including a mobile unit, marketing office, automated teller machine or agency of the Society and which is open to the public.
- (aa) “**Returning Officer**” is a person appointed to oversee or conduct the elections of the Society.
- (bb) “**Rules**” means the Rules made by the Minister in charge of Co-operatives and includes the Co-operative Societies Rules, 2004 and subsequent amendments.
- (cc) “**Regulations**” means the Regulations made by the Minister in charge of Co-operative Development and includes the SACCO Regulations, 2010 and subsequent amendments.

- (dd) “**SACCO**” means a savings and credit co-operative society registered under the Co-operative Act and licensed under the SACCO Societies Act, 2008 and subsequent amendments.
- (ee) “**Share Capital**” shall mean member’s equity in the form of issued and fully paid-up shares of common stock.
- (ff) “**Branch General Meeting**” shall mean a meeting of members of that particular branch.
- (gg) “**Tribunal**” shall mean the Co-operative Tribunal established under the Co-operative Act to hear and determine disputes.
- (hh) “**Special Resolution**” means a resolution passed by two thirds of the delegates present and voting at a special general meeting of a society.
- (ii) “**Supervisory Committee**” means an oversight committee elected at the annual delegates meeting.
- (jj) “**Total Capital**” means the total sum of core capital and supplementary capital of the Society.
- (kk) “**Total Deposit Liabilities**” means the total deposits which are repayable on demand or after a fixed period or after notice under agreed terms and conditions.

In these by-laws where the masculine gender is referred to, it will be construed to include the feminine gender. Any questions concerning interpretation of these by-laws or any matters not provided for therein, errors and omissions shall be referred to the Authority or Commissioner as is applicable.

PART TWO – SOCIETY GOALS AND OBJECTIVES

5. OBJECTIVES

The objects for which the Society is established are to organize and promote the quality of life of the members by providing quality financial products and services. The Society shall undertake to:

- 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 products and services through either or both Back Office and Front Office activities that will promote the economic base of the members.
- c) Ensure progress of members and Society through continuous education programs on savings and proper use of credit, reduction of poverty, human dignity and co-operation.
- d) 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 National Co-operative Union and the Apex society.
- e) Ensure safety and soundness of the member's funds through a risk management programme or appropriate insurance coverage.
- f) Perform the function and exercise the powers designated for Savings and Credit Co-operative Societies under the applicable laws for the benefit of the members

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

6. CO-OPERATIVE PRINCIPLES AND VALUES

- a) To achieve its objects, the Society shall act in accordance with the following Co-operative principles and relevant values.

(i) Voluntary and Open Membership

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

(ii) Democratic Member Control

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

(iii) Economic Participation by Member

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

(iv) Autonomy and Independence

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

(v) Education, Training and Information

The society shall foster reciprocal, on –going education programmes for members, leaders, staff and 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

To better serve the interest 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) The Society shall embrace the Co-operative values which include **Innovativeness, Professionalism, Ethical and Social Responsibility, Sincerity and Accountability (iPESA).**

PART THREE - COMMON BOND AND MEMBERSHIP

7. MEMBERSHIP ELIGIBILITY

The following shall be eligible for membership of the Society: -

- (a) Original members who signed the application for membership provided that they comply with the provisions of these By-laws.
- (b) Any person, institution or group may be admitted into the membership of the Society upon fulfilling such conditions as prescribed in these By-laws and the Membership Policy.

8. MEMBERSHIP QUALIFICATIONS

A person, institution or group shall be eligible for membership of the Society if they possess the following qualifications–

- (a) is within the field of membership prescribed in section 7 of these By-laws;
- (b) is at least eighteen (18) years of age, if a natural person;

- (c) is not directly involved in money lending, provided that this provision shall not apply to legitimately registered entities formed for that purpose;
- (d) is not carrying out such activities detrimental to the objectives of the Society;
- (e) is of good character;
- (f) has regular income from employment, business, trade or any other legitimate source;
- (g) has accepted the objectives of the Society, the obligations of membership and other conditions as stated in these By-laws and Membership Policy.

9. APPLICATION FOR MEMBERSHIP

Every applicant for membership shall complete an “Application for Membership” form. This form shall be drawn to show all the information required for registration of a member.

10. ADMISSION INTO MEMBERSHIP

- a) An applicant shall be admitted into membership on;
 - i. Paying registration fees of Kshs 1,000/=
 - ii. Paying an initial share capital of Kshs 2,000/=
 - iii. Minimum share capital per member shall be Kshs.30,000. Provided that a new member shall be given a maximum of one year to attain the minimum.
- b) Upon admission the member’s name shall be entered into the membership register and a membership number issued.

11. REFUSAL OF MEMBERSHIP

The board may refuse membership to any applicant giving him reasons for the refusal in writing, provided the person, whose membership has been refused, if aggrieved by the decision, shall have the right to appeal in the next Delegates Meeting through a registered delegate. The decision of the Delegates Meeting on the matter shall be final.

12. MEMBERSHIP RIGHTS

Subject to these By-laws, policies, standards, values and procedures, all members shall have the right to use the society’s services and exercise the rights established by the Act, the rules, and the by-laws. The members are entitled to but not limited to: -

- a) Access to statement of accounts containing record of the member’s credit and debit transactions.
- b) Enjoy representation at Delegates Meeting. Each member shall have one vote irrespective of shareholding.
- c) Elect or be elected as a board member or delegate of the Society unless otherwise prohibited by any other law or these By-laws.
- d) Enjoy the use of all the facilities and services of the society subject to the society’s by-laws;
- e) Submit projects or initiatives to the board for the improvement of the Society services.

- f) All legitimate information relating to the Society, including, internal regulations, registers, Minutes of Delegates meetings and Supervisory Committee reports, annual accounts and inventories at the Society's registered office.
- g) All other rights as prescribed by the Co-operative Act, Authority, Rules and these By-laws.

13. MEMBERSHIP OBLIGATIONS

Members of the Society are obliged to: -

- a) Attend meetings and take part in decision making.
- b) Show good co-operative spirit.
- c) Inform non-members who qualify and encourage them to join.
- d) Bring out problems affecting the Society and look for solutions.
- e) Participate in Society projects financially.
- f) Attend educational meetings and seminars organized by the Society or any other organizations approved by the board.
- g) Make use of the services of the Society as stated in the objects of the Society.
- h) Comply with the Co-operative Act, Rules and Delegates Meeting Resolutions.
- i) Observe and comply with all the Society's By-laws and decisions taken by the relevant organs of the Society.
- j) Buy and pay up for shares or make any other regular payments provided for in these by-laws.
- k) Meet the debts of the Society in case of insolvency in accordance with the provisions of the Co-operative Act and these by-laws.

14. MEMBER'S PERSONAL ACCOUNT

The Society shall provide unrestricted online access to "Statement of Accounts" containing record of the members' transactions with the Society.

15. FINES AND PENALTIES

For any breach of lawful order, or instructions issued by the Board of Directors or, failure of a member to pay his obligations on time, the defaulting member may be fined.

16. NOMINEES

- a) Every member shall nominate one or more persons in writing as his nominee(s) to whom on his death, shares, deposits, or other interests shall be vested and such appointments shall be attested to by two witnesses who are members of the society and thereafter, the names of such nominee(s) shall be entered in the member's nominees register provided that a member shall have the right to change his nominee(s) in writing and sign in the presence of two attesting witnesses who are members of the society.

- b) Where more than one nominee is appointed by any member, the number of shares/deposits to be transferred to each of these nominees shall be specified at the time of appointment. Where **NO** apportionment is indicated, it shall be assumed that the nominees have **equal shares**.
- c) In the event that any person so nominated dies or the member desires to cancel any such nomination, the member may nominate another person in the same manner and the necessary alterations shall be made in the register of nominees.
- d) Upon the death of a member whose nominee has equally passed on, the Sacco may determine in the best way possible upon seeking legal advice how to distribute the deposits/shares of the deceased members.

17. 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.

18. PAYMENT TO NOMINEE

- a) In the event of death of a member, the society after satisfying itself and after obtaining such documentary proof of the death of a member as it may consider necessary, shall pay the nominee the value of the deceased member's shares, deposits, interest and dividend after deducting monies owed to the Society, if any. Any outstanding loan shall be written off against the society's insurance.
- b) If for any reason on the death of a member a nominee does not exist, the society may pay any money due the deceased member to the personal representative, or recognized heirs of the deceased member.

19. DISCHARGE OF NOMINEE

After paying the nominee(s) the value of the deceased member's shares, deposits or interest, less any sum due from the latter to the society the nominee's(s) obligation by the society shall be discharged.

20. CESSATION OF MEMBERSHIP

Membership in the society shall be terminated upon: -

- (i) Death.
- (ii) Withdrawal.
- (iii) Expulsion.
- (iv) Transfer of all shares to another member.
- (v) Ceasing to hold qualifications for membership as specified in these by-laws.

21. VOLUNTARY WITHDRAWAL

Members with no liability or outstanding obligations on their accounts and no outstanding collateral or guarantee for other members' loans may withdraw from membership at any time. Any member who wishes to

withdraw but has outstanding guarantorship shall replace the guarantors first before being allowed to withdraw from the Society.

22. NOTICE OF VOLUNTARY WITHDRAWAL

- a) A member may at any time withdraw from the society by giving 60 days written notice to the society during which time the society will settle the member's accounts and refund the member's deposits, and any other amounts due to him. The effective date of the notice shall commence only upon settlement of any outstanding loans or obligation in full as provided for under By Law 24. No refund shall be given before the expiry of the period.
- b) A member who withdraws from the Society in the stipulated manner may re-join the Society immediately upon refund of all his dues by the Society and shall be charged re-joining fee of Kshs 500/=.
- c) Any member who withdraws and for one reason or another wishes not to serve the notice period of 60 days, shall be refunded his deposits less 10% penalty.

23. SUSPENSION

The ADM/SDM may suspend a member who:

- a) Fails to fulfil his obligations to the Society whether stated in these By-laws, general internal regulations, a resolution of a board meeting or in contravention of any other legal document, provided such a member has been called upon to explain but has failed.
- b) Acts in any way detrimental to the Society's interest or for other just cause.
- c) Is convicted in a Court for Criminal Offence involving dishonesty or imprisoned for any other offence for three months or more.
- d) Without following Regulations drags the Society to a court of law.
- e) Any other reason approved by the Delegates Meeting.
- f) A suspended member shall cease to be;
 - i. A delegate of any branch of the society.
 - ii. A board member.
 - iii. A supervisory committee member.
- g) No member shall remain in suspension for a period of more than 12 months.
- h) A suspended member's case shall be presented at the next Delegates Meeting as an agenda where the decision of the Delegates Meeting shall be final.

24. EXPULSION PROCEDURES

The ADM/SDM may expel a member

- a) Upon formal and written announcement and proof that a member has committed a violation punishable by expulsion, the board shall provide a written notice to the member stating the reason(s) for the proposed expulsion and grant the member 30 days to prepare a defence.

- b) Upon expiry of 30 days and taking into consideration the member's defence the board shall initiate an administrative inquiry and take a decision on its finding within 15 days.
- c) A member so expelled by the board shall have the right to appeal at the next Annual Delegates Meeting provided the notice and grounds of such appeal have been filed with Chief Executive Officer of the SACCO not less than 30 days before the date of the meeting. The decision of the Annual Delegates Meeting shall be final.
- d) The board shall make an official announcement regarding any member who is expelled.
- e) A member who is expelled from the society shall have the right to appeal against such expulsion in the next Annual Delegates Meeting.
- f) A member who is expelled from the Society shall have the right to appeal to the tribunal.

25. PAYMENT ON WITHDRAWAL OR EXPULSION FROM MEMBERSHIP

- a) Withdrawal, suspension or termination of membership will not exonerate a member from any existing personal or membership liability.
- b) A member who withdraws or is expelled shall be repaid the following amounts after deduction of any debts owed by him to the Society as a borrower, endorser, and guarantor or otherwise.
 - (i) The nominal or book value of deposits provided that the board may require 60 days written notice to withdraw deposit.
 - (ii) Any dividends or interest due to him on the date membership ceased.
 - (iii) Any deposits or other sums held by the society on the member's behalf.
- c) No interest or dividend shall be due for payment on withdrawals made before the end of a financial year.
- d) Any member who is expelled and/or defaults will have his loans offset against his deposits. If after offsetting, there is still loan balance which is paid up by guarantors, he will cease to hold share capital. The share capital will be transferred to the guarantors who will have paid his loans.

PART FOUR – FUNDS OF THE SOCIETY

26. SOCIETY FUNDS

The funds of the Society shall consist of: -

- a) Core capital
 - (i) Paid up members shares
 - (ii) Statutory reserves fund
 - (iii) Retained earnings
 - (iv) Disclosed reserves
 - (v) Grants and donations
- b) Income
 - (i) Interest, fees and charges, penalties and commissions
 - (ii) Entrance fee
 - (iii) Funds obtained from other lawful miscellaneous sources
- c) Liabilities
 - Include deposits from members and borrowings from non-members.

27. ENTRANCE FEE

- a) A member shall pay an entrance fee as may be provided for in the Membership Policy, within one month after approval of membership or as may be determined by the Board of Directors from time to time.
- b) The entrance fee is not refundable and shall not attract any interest.

28. SHARES

- a) The nominal value of each share shall be Kshs.20/= and every member shall hold a minimum of one thousand, five hundred shares (Kshs. 30,000/=) in the Society, but no member shall hold more than one-fifth of the total shares and deposits in the Society.
- b) Any amount may be accepted towards the purchase of shares provided however, that the Board of Directors may fix a minimum amount that may be paid by a member at any one time.
- c) With the approval of the Board of Directors a member may at any time transfer his shares to another member. Such transfers must be in writing and at nominal value.
- d) All transfers must be registered with the Chief Executive Officer, and no transfer shall be valid unless so registered. A transfer fee of Kshs 500/= shall be paid to the Society by the transferee.
- e) The Society shall maintain capital adequacy as required by the Regulations.

29. DEPOSITS

- a) The Society shall have a written Savings policy.
- b) All withdrawable deposits shall attract interest at a rate prescribed in the terms and conditions of the deposit.

- c) The amount accumulated in the non-withdrawable deposit accounts may be used as collateral against borrowings and shall be refunded only when a member withdraws from membership provided that the member has fully repaid all his debts and obligations and is free from any guarantee.
- d) A member may be refunded the amount saved in his non-withdrawable deposit account within 60 days after giving a written notification of his intention to cease being a member or refunded less 10% in leu of notice.
- e) Non-withdrawable deposits shall attract interest at a rate to be determined by the Society and as dictated by external market forces or internal funding needs.

30. LIABILITY OF MEMBERS

- a) The liability of a member shall be limited to the nominal value of shares (that form part of the core capital) held by the member.
- b) In the event of liquidation, where available funds are insufficient to pay the full nominal value of the shares held by the members, the funds shall be distributed pro rata among the shareholders according to the number of shares held by each.
- c) The estate of a deceased member shall be liable for the debts of the society, as they existed at the time of his death unless otherwise covered under any other existing scheme in the society.

31. CAPITAL ADEQUACY REQUIREMENTS

The society shall always maintain:

- a) A core capital as per Authority regulations.
- b) A core capital of not less than ten per cent of total assets.
- c) Institutional capital of not less than eight per cent of total assets.
- d) Core capital of not less than eight per cent of total deposits.

32. APPLICATION OF SOCIETY'S FUNDS

The Funds of the Society shall be applied for the promotion of the stated objects and purposes of the Society as set forth in these By-laws.

33. POWERS TO BORROW AND CREATION OF A CHARGE

- a) Loans may be obtained from members and non-members, subject to the maximum approved by the delegates meeting, provided the amount does not exceed 25% of the total assets unless otherwise permitted by the Authority.
- b) For the necessary securing of any loans accepted by the society under 24 (a), the society may grant a charge over the assets of the society. The authority to grant a charge shall be reserved to the delegates meeting subject to approval by the commissioner. Provided that loans obtained for purposes of on lending to members shall be advanced to members at the rate of not less than 2% above the interest rate at which the loan was obtained.

34. RECEIPTING FOR MONEY

Money paid in or out on account of shares, deposits, loans interest, fees or fines shall be evidenced by an entry in the Members Personal Account and issuance of an official receipt in the name of the Society.

35. EXPENDITURE

The Board of Directors may re-allocate funds from one vote to another but shall spend within the limits as approved by the Delegates Meeting of the society.

36. LIQUIDITY MANAGEMENT

- a) The Board of Directors shall formulate the Liquidity Policy and put in place a contingency plan to handle liquidity matters for the Society.
- b) The Society shall maintain adequate liquidity as required by law.

37. RESERVES

- a) Subject to the provisions of Section 47 of the Co-operative Act, and approval of the Board, the Society shall pay one-fifth (20%) of its net surplus resulting from the operations during the financial year to the Reserve Fund.
- b) The Reserve Fund of the Society shall be invested or deposited in the manner provided for in Section 45 of the Co-operative Act and the Rules.
- c) The Reserve Fund shall be indivisible, and no member shall be entitled to claim a specified share of it.
- d) On dissolution of the Society, the Reserve Fund shall be applied for in the manner provided for in the Act and Rules.

38. INVESTMENTS

- a) The Society shall have a written Investments policy consistent with the relevant provisions of the Co-operative Act, Rules, the SACCO Act, Regulations and any other relevant laws.
- b) The Society shall only invest in non-earning assets or property and equipment, real estate and financial investments to the extent permitted by the Rules and Regulations.

PART FIVE – DISTRIBUTION OF SURPLUS

39. DISPOSAL OF SURPLUS FUNDS

Subject to the Act and rules, the net surplus resulting from operations of the Society during any financial year may be disposed of as follows:

- a) 20% shall be credited to the Statutory Reserve Fund.
- b) The balance may be disposed of as proposed by the board subject to the approval of the Annual Delegates Meeting for:
 - i) Payment of dividends on shares after fulfilment of capital adequacy requirements.
 - ii) Being forwarded to Education Fund or any other fund or funds of the society including the appropriations.
 - iii) Paying honoraria to Board members. The honoraria is fixed at 2% of gross surplus and capped at a maximum of KES 3,000,000. Where the gross surplus is the total turn-over less expenses before declaration of interest and dividend to members.
 - iv) Payment of bonus to staff. The staff bonus shall be subject to performance and shall be equivalent of one-month basic salary.
 - v) Officers of the Society, delegates and staff may be entitled to Christmas voucher as a token of their service to the Society during Christmas Festivities subject to performance for the year.
 - vi) In any other way recommended by the Board of Directors and approved by the Annual Delegates Meeting.
- c) The detailed Policies and Procedures shall be provided for by the Board of Directors in the Dividends Policy.
- d) Computation of Interest on deposits shall be based on the terms and conditions provided in the Savings and deposits policy.

PART SIX- GOVERNANCE OF THE SOCIETY

40. GOVERNANCE STRUCTURE

- a) The Governance structure of the Society shall comprise of the Annual Delegates Meeting (ADM) that has the overall control of the Society, Board and Management.
- b) The members of a branch shall elect their representatives to the Delegates Meeting of the Society and the delegates shall constitute the Annual Delegates Meeting.

41. BRANCHES

- (i) The society shall have as many Branches as may be established by the Board of Directors from time to time and approved by Annual Delegates Meeting.

- (ii) The members of each branch shall be represented by such number of delegates as may be provided for in the Membership policy and elected in accordance with these By-laws.
- (iii) The delegates shall provide such services to members in accordance with these By-laws and other society policies.
- (iv) Branches shall be established based on a Branch Policy and offer all services as may be offered by the Headquarters and in line with the operational policies and procedures.
- (v) Every member shall belong to one branch, provided that a member may be served at the head office or any branch of the society.

42. DELEGATES ELECTION

- a) Delegates shall be elected from Branches as established by the Board of Directors and approved by the delegates and shall serve for a period of 3 years and are eligible for re-election.
- b) Delegates' election shall be held at the Branches Headquarters, where ¼ of the members present shall form a quorum.
- c) A serving delegate transferred outside the Branch shall cease representing the branch with exception of transfers within the same town who shall serve until the next delegates elections. The Board of Directors shall determine whether there is need to elect a replacement in case a vacancy arises. If the board finds that there is need, the Branch shall be allowed to hold a mini election to replace the transferred delegate(s).
- d) Each delegate shall represent a maximum of 40 members in the branch, however for small branches each branch will be represented by 2 delegates for branches within the common bond. For branches outside the common bond, each branch will be represented by 1 delegate.
- e) **All delegates** shall be subjected to vetting by the nomination committee as provided for by the Sacco Regulatory Authority (SASRA) regulations. **In case a sitting delegate is found to cease holding qualifications for a delegate, his position shall be declared vacant and a new delegate elected in his place.**
- f) No member shall be eligible or qualified to be elected as a Delegate if he:
 - i. Has not attained share capital above Kshs 50,000/=.
 - ii. Has not attained deposits above Kshs.1,000, 000/=.
 - iii. Has not attained a minimum of secondary education at O 'level.
 - iv. His salary does not pass through FOSA.
 - v. Has not been a member for at least 24 months.
 - vi. Is an un-discharged bankrupt.
 - vii. Is an employee of the Society or its subsidiary.
 - viii. Is a loan defaulter in the last 24 months.
 - ix. Has been adversely mentioned in an Inquiry Report.
 - x. Has been convicted of a criminal offence involving dishonesty.
 - xi. Does not reside or work within that branch.
 - xii. Is an official of or holds a political office at any level.
 - xiii. Does not patronize the Society products – no delegate shall have a bank loan or a loan from any other Sacco.

- xiv. Has been removed from public office on disciplinary action.
- xv. Has been suspended by an ADM/SDM or Board resolution.
- xvi. The delegate eligibility criteria shall be applicable as at **31st of December** of the preceding year to the elections.

43. BRANCH MEETING

- i. Branch Meeting shall take place annually and shall consist of all members in the Branch.
- ii. The board shall determine the criteria and the number of Branches the Society may have.
- iii. The board shall have powers to convene branch meetings whether special or annual.
- iv. Any branch representative who with justifiable cause is unable to attend the Branch Meeting must inform the board two (2) days prior to the Meeting.

44. FUNCTIONS OF THE BRANCH MEETING

- i. The Annual Branch meeting shall elect Branch Delegates whose number shall be determined as per clause 42(d).
- ii. Consider reports of the board particularly from the Chairman and any other report as the board may deem fit for members to be aware of.
- iii. To express views and pass resolutions for consideration by the board and / or the Delegates Meeting. The Branch shall not act on any subject, which will commit the Society as a whole without the sanction of the board and Annual Delegates Meeting.

45. FUNCTIONS OF THE BRANCH DELEGATES

- i. The elected delegates shall be the sole representatives of the Branch in the Annual/Special Delegates Meeting and shall have equal votes in all resolutions made.
- ii. Co-ordinate Branch activities, meetings, member education and dissemination of information for awareness.

46. CESSATION OF THE TERM OF A DELEGATE

The term of a delegate shall cease before expiry of the 3 years upon a delegate's:

- i. Death.
- ii. Ceasing to hold qualifications for a delegate.
- iii. Petition from majority members of his branch for a just cause.
- iv. A written complaint signed outlining service dissatisfaction by at least two thirds of members in the respective branch.
- v. Suspension/expulsion from the society.

47. ANNUAL DELEGATES MEETING

The Supreme Authority of the Society shall be vested in the Annual Delegates Meeting, which shall be constituted by members elected as delegates as per these By-laws.

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) It shall be convened by giving adequate written notice (not less than 15 days) to the delegates meeting and as provided for in the Co-operative Act.

48. FUNCTIONS OF THE ANNUAL DELEGATES MEETING

The Annual Delegates Meeting shall have the powers and duties prescribed in the Act, Regulations, Co-operative Act, Rules and these by-laws. It shall:

- a) Consider and confirm the minutes of the previous Delegates Meeting.
- b) Consider reports of the Chairman, the Commissioner or his representative and the audited accounts of the Society's activities during the past financial year.
- c) Consider and approve on the way any available surplus shall be distributed or invested, subject to board proposal, the Act, Regulations, Co-operative Act and Rules.
- d) Elect members of the board and the supervisory committee, subject to the Act, Regulations and these By-laws.
- e) Fix the indemnity for the elected board members and management staff.
- f) Consider recommendations on expulsion of errant members from the society.
- g) Fix the maximum liability which the Society may incur in loans and deposits from members and non-members.
- h) Approve the budget and estimates for the subsequent year.
- i) Decide on the management structure, including the establishment of branches to facilitate efficient and cost-effective delivery of services to members.
- j) Appoint external auditors of the Society.
- k) Approve affiliation to National Co-operative Organizations.
- l) Transact any other business of the Society for which notice of 14 days has been given.

49. SPECIAL DELEGATES MEETING

A Special Delegates Meeting of the Society may be convened; -

- a) By the board for the purpose of approving annual estimates or discussing any urgent matter which in the board's opinion is in the interest of the Society.

- b) On receipt of a written request for such meeting signed by **half of the delegates** of the society or as may be prescribed in the Co-operative Act, and rules, stating the objects and reasons for convening the meeting.
- c) If the board fails to convene a meeting within fifteen days of receiving the request under by-law 40(e) (3), the delegates demanding the meeting may themselves convene the meeting by giving notice to the other delegates of the Society, stating the objects and reasons for the meeting and the fact that the board has failed to convene the meeting.
- d) The Commissioner may convene a Special Delegates Meeting of the Society at which he may direct the matters to be discussed at the meeting. The board shall preside at any meeting convened by the commissioner.
- e) A special Delegates meeting of the Society may be held when convened by the: -
 - 1) Board.
 - 2) Commissioner.
 - 3) Board within 15 days of receipt of a written request by at least half 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's offices within normal working hours.
- f) Delegates in (e) above, if the board fails to convene a meeting within fifteen days of receiving request under the Co-operative Act. The members shall give notice to the other members of the Society, stating the object and reasons for the meeting and the fact that the board has failed to convene the meeting.
- g) Any business not completed at the Annual Delegates Meeting, may be taken up at a subsequent Special Delegates Meeting of the Society.

50. NOTICE OF DELEGATES MEETINGS

- i. The Delegates meeting shall be convened by giving at least 15 days written notice to the members.
- ii. The Honorary Secretary shall take all usual steps to publish the notice of the meeting in public places, on the Society's notice board(s), in local newspapers or newsheets, including the media or any other mode decided by the members.
- iii. All notices shall include a statement of the business to be dealt with.

51. QUORUM

Except when convened by the Commissioner the presence of at least two thirds of the Delegates shall constitute a quorum for the conduct of business at a Delegates Meeting. When a Quorum is not attained, the Chairman shall adjourn the meeting and shall fix a date within one month

after the adjourned meeting, which shall be advertised as prescribed in these By-Laws. If at 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.

52. REQUIRED MAJORITY

- (a) Before the Delegates attend or vote at Delegates Meeting the delegates may be required to produce evidence of their membership and eligibility as delegates. The board will confirm the eligibility of delegates through their records.
- (b) The members at every branch will elect delegates to represent them and to convey their opinions to the Delegates Meeting. Each delegate present at the meeting shall be entitled to one vote.
- (c) Amendments of these By-Laws shall be approved by a vote of 2/3 of delegates present at the meeting.
- (d) Any other motion shall be approved by simple majority of votes.

53. ENFORCEMENT OF DECISIONS

Any decisions taken by the Annual Delegates Meeting shall be binding to all members present and absent.

54. MINUTES

All business discussed at the Delegates Meeting shall be recorded 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 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 signatures, and not as alterations to the original record, the meeting shall by resolution authorize the Chairman to sign and date the final record.

55. ELECTIONS

- a) The board shall notify the members of the vacant positions in the branch, board and the Supervisory Committee.
- b) All sitting board and delegates shall be subjected to vetting by the nomination committee as provided for by the Sacco Regulatory Authority (SASRA) regulations. In case a sitting board/delegate is found to cease holding qualifications for a delegate, his position shall be declared vacant.
- c) There shall be a nomination Committee constituted as per the Sacco Regulatory Authority which shall vet and clear all prospective members who shall have applied for the vacant positions in the branch, Board and Supervisory Committee.

- d) The returning officer shall present duly vetted and nominated persons who shall have to be proposed and seconded to be candidates.
- e) The Delegate, Board and Supervisory Committee Members shall serve for a term of 3 years with 1/3 of the members retiring annually, but eligible for re-election.
- f) Any delegate elected to the board or supervisory committee will serve the 3 years term provided that he has not been elected as a result of a by-election occasioned by the removal of a board or supervisory committee member. If elected as a result of a by-election he will serve for the remaining term of the removed board or supervisory member.
- g) Any supervisory committee member who wants to vie for a board position will seek fresh mandate from his branch.
- h) ALL elections for the society shall be conducted either through Secret Ballot or Electronic Voting.
- i) Nominated candidates shall be presented to the meeting prior to elections.
- j) No member shall be entitled to vote by proxy.
- k) Within fourteen (14) days of the elections, the Chief Executive Officer shall forward to the Commissioner and the Authority the names and addresses of all persons elected.

PART SEVEN – BOARD OF DIRECTORS AND COMMITTEES

56. BOARD OF DIRECTORS

- a) The board shall be elected by and from the Delegates and shall consist of nine members.
- b) The board shall be elected for a period of three years with 1/3 of the board retiring annually but eligible for re-election.
- c) The motion to revoke a specific decision taken by the board or to remove a board member from office must be seconded by a minimum of five members.
- d) If a member of the board fails to attend three (3) consecutive meetings without being excused therefrom, or otherwise fails to perform his duties, his position may be declared vacant and the vacancy filled as provided for in these By-Laws.

57. ELIGIBILITY FOR MEMBERSHIP TO THE BOARD

All board members shall be subjected to vetting by the nomination committee as provided for by the Sacco Regulatory Authority (SASRA) regulations. **In case a sitting board member is found to cease holding qualifications for a board member, his position shall be declared vacant and a new board member shall be elected in his place.**

No person shall be eligible to be a member of the Board of Directors or Supervisory Committee Member if he;

- a) Has not been a delegate of a branch of the Society for at least one year prior to the election.
- b) Has been adversely named by the Commissioner or his representative in an inquiry report endorsed by an Annual or Special Delegates Meeting for mismanagement or corrupt practices while still a member of the Board of a co-operative society or union in the last ten years, or named in any other national inquiries where he has been shown to be engaging 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 a Society or has been charged of any offence involving dishonesty, a crime involving fraud, perjury or breach of contract of a licensed financial institution.
- d) Has been convicted of any offence involving dishonesty or is imprisoned for three months or more for a crime involving fraud, perjury or breach of contract of a licensed financial institution.
- e) Does not meet **ALL qualifications** for a delegate.
- f) Shall not have attained education up to diploma from a recognized institution.
- g) Has not attained share capital of Kshs 100,000/=.
- h) Has not attained deposits above Kshs 2,000,000/=.
- i) Is a Board member of another existing SACCO society licensed under the Act.
- j) Is an official of or holds a political office at any level.
- k) Does not conform to minimum qualification standards in accordance to the applicable law.
- l) Has been removed from public office on disciplinary action.
- m) Has not duly executed the Fit and Proper Test Form as per SASRA Regulations.
- n) Has not been vetted and cleared by the nomination committee as per SASRA Regulations.
- o) Is NOT from a branch in Nairobi County.
- p) Any board member transferred from a branch within Nairobi will serve until the next ADM as a board member. Such a board member may seek election in the new branch during the next branch meeting.
- q) The board eligibility criteria shall be applicable as at **31st of December** of the preceding year to the elections.

58. DUTIES AND POWERS OF THE BOARD

The board of the Society shall subject to any directions from the Annual 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. 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) Establish and approve appropriate policies including human resource management, savings, liquidity, investment, dividend, risk management, membership administration, cash handling and information management and preservation.
- c) Ensure that the management maintains proper and accurate records that reflect the true and fair position of the Society's financial condition.
- d) Prepare and develop business plans and annual budgets for presentation at the General Meeting.
- e) Formulate the Electoral Policy to guide in the nomination and election process.
- f) Appoint such number of board committees as may be necessary to effectively discharge its functions.
- g) 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 Society's management.
- h) Cause the audited accounts to be displayed in a conspicuous place at the Society's registered office at least two weeks before presentation of accounts to the delegates at the annual delegates meeting.
- i) Lay before the Annual Delegates Meeting audited accounts, together with proposals for the disposal of net surplus, if any.
- j) Recommend to the ADM the dividend rate to be paid on shares, if any, and interest to be paid on non-withdrawable deposits.
- k) Fill through co-option, vacancies occurring in the board between Annual Delegates Meetings.
- l) Authorize the conveyance of properties.
- m) Authorize borrowing of the Society in accordance with the By-law.
- n) Approve and review lending policies of the Society to ensure compliance with the Law.
- o) Approve or ratify all loans granted to directors and employees of the Society.
- p) Approve interest rates on loans granted to members.
- q) Designate a depository or depositories for the funds of the Society.
- r) Prepare and approve a code of conduct in the form set out in the third schedule of the Regulations.
- s) Employ and fix the remuneration of the employees including the appointment of chief executive officer in accordance with the approved human resource policy,
- t) Report within 15 days the appointment, resignation or removal of the chief executive to the Authority.
- u) Impose fines as provided for under these by-laws.
- v) Ensure that the Society pays its statutory levies to the Authority as and when they fall due.
- w) Ensure adequate provisions for known and probable losses and recommend to the Annual Delegates Meeting the write-off of bad debts.

- x) Perform or authorize any actions consistent with the Act and rules, the Regulations and these By-laws, unless specifically reserved for the Annual Delegates Meeting.
- y) To provide adequate budget for education and training of members, and the capacity development of the board and staff.
- z) Receive and consider reports from the established Board committees.
- aa) Ensure that true and accurate records and accounts are kept of the Society's money, and its properties, capital reserves, liabilities, income and expenses.

59. LEGAL STANDARD OF CARE

In the conduct of the affairs of the 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 Annual Delegates Meeting.

60. 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.

61. DECLARATION OF WEALTH

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

62. CODE OF CONDUCT

- a) The Officers of the Society shall comply with governance rules as prescribed by the ethics commission for cooperatives.
- b) The Society shall formulate a code of conduct in accordance with third schedule of the regulations which shall be approved by the Authority.

63. CONFLICT OF INTEREST

- a) Every board member and employee of the Society shall be required before taking part in any business transaction which the Society may be about to discuss or initiate, to disclose any personal interest in the matter and shall not take part in any discussion or vote upon that item of business.

- b) The board member or employee shall physically absent himself from the discussion unless it is determined that the individual has relevant information to provide. Failure to divulge this information shall result in removal from office or termination of employment.
- c) In the event of disqualification of any such officer, 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.

64. CONFIDENTIALITY

- a) The Executive officer, members of the board, Supervisory Committee and Employees of the Society shall hold in strict confidence all transactions of the Society, with its members, and all information in respect to their personal affairs, except to the extent deemed necessary by the board in connection with the loans and the collection thereof.
- b) 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 in accordance with the law.

65. DELEGATION TO EMPLOYEES

- a) The board may delegate to the chief executive officer of the Society such duties as it deems fit.
- b) Nothing in (a) shall absolve the board from its responsibility of running the affairs of the Society in a proper and businesslike manner

66. RECORDS OF BOARD MEETING

- a) All business discussed or decided at board meetings shall be recorded 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 verify that in their opinion, the minutes are a true and complete record of all important matters which were discussed or decided at the meeting.
- b) At the next meeting, after approving any alterations or variations, which may be written immediately below the signatures, and not as alterations to the original record, the meeting shall authorize the Chairman to sign and date the final record.

67. BOARD-COMMITTEES

The Board committees of the society shall be;

- (a) **Finance, HR and Education Committee** whose members shall be Treasurer as chair, Sacco Chair, Hon Sec, and the CEO

(b) **Audit, Risk and Compliance Committee** whose members shall be 3 board members with the chair being a board member with accounting knowledge

(c) **Credit and Business Development Committee** whose members shall be Vice Chair as chair and 2 board members.

(d) The term of board committees shall be 3 years. Reconstitution of the board committees shall apply to vacancies arising in the committees as a result of 1/3 retirement rule.

68. VACATION OF OFFICE FOR A BOARD COMMITTEE

A member of the board, or any other Board Committee shall cease to hold office if he ceases to be a member of the society or by resignation or removal from the board or Board committee. Any board member who ceases to hold qualifications for a board member shall cease to hold the office.

69. SUSPENSION OF A BOARD MEMBER

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.

The majority of the Board members may suspend a Board member and accordingly inform the Authority subject to ratification by the Annual Delegates Meeting for;

- (i) Failure to disclose vested interests.
- (ii) Any other good cause.

70. REMOVAL OF A BOARD MEMBER FROM OFFICE

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

- a) Ceases to hold qualifications of a Board of Director as specified in the Act, Regulations and these by-laws.
- b) Is removed by the Authority under the provisions of the Act and Regulations.
- c) Is voted out by two-thirds majority of members present and voting at the Delegates Meeting.
- d) Is removed by the Commissioner under the provisions of Co-operative Act and the Rules.
- e) Ceases to hold qualifications of a delegate of a branch as specified in these by-laws.

71. CHAIRMAN AND VICE CHAIRMAN

- a) The Chairman shall preside over all meetings of the members and over all meetings of the board. He shall perform such other duties as may be directed by the board, but not inconsistent with the provisions of the Co-operative Act, and rules, and these By-Laws.
- b) Coordinates all activities of the Society.

- c) The Vice-Chairman shall perform the duties of the Chairman during his absence and shall perform such other duties as the board may direct.

72. TREASURER

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

- a) Generally, to manage, or cause to be managed the financial affairs of the society in a competent and efficient manner.
- b) To maintain full and complete records of all assets, liabilities and books of accounts.
- 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 perform such other duties as may from time to time be assigned by the board.

73. HONORARY SECRETARY

The duties of the Hon. Secretary are: -

- a) To record the minutes of the board meetings and delegates meetings.
- b) To ensure that the Society correspondences are promptly and correctly attended to.
- c) To ensure the communication of notices of meetings is done as per the By-laws.
- d) To perform such other duties as may from time to time be assigned by the board.

74. BOARD COMMITTEES

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

75. CREDIT AND BUSINESS DEVELOPMENT COMMITTEE

- a) The Vice chairman shall be the chairman of the Committee. The committee will comprise of two (2) other board members. The secretariat will be Credit and Business Development units.
- b) The Board of Directors may set the minimum qualifying requirements for the committee from time to time.

- c) The Committee shall hold such meetings as the business of the Society may reasonably require, but not less frequently than once a month.
- d) The committee shall advise the board on necessary revisions and/or amendments to the Society's Strategic Direction in view of emerging business and market trends.
- e) The committee shall review, monitor and recommend to the Board for approval new and revised prices, products and services.
- f) Receive and review regular reports of various Marketing and Customer Service-related matters and guide management on continuous improvement efforts.
- g) The committee shall be responsible for all credit issues including approving loans, loan repayments, loan monitoring and recommend improvements for credit managements.

76. FINANCE, HR AND EDUCATION COMMITTEE

- a) The members shall be Treasurer, Chairman, Hon Sec, CEO and Finance/Hr/Admin shall be the secretariat.
- b) The Committee shall provide oversight on behalf of the Board, over all Finance, HR and Education matters.
- c) The committee will be responsible for arranging education and training of board members, delegates, members and staff of the Society.
- d) The committee will review and recommend education programmes for members, delegates, board members, staff and the general public for approval by the board.
- e) The committee will monitor implementation of the education programmes formulated to ensure that the members, delegates, board and staff are well trained and prepared for the tasks they are entrusted with.
- f) Overseeing the development and implementation of comprehensive policies and procedures encompassing all Finance, Investment, Assets, Liability Management.
- g) Reviewing the Society's Annual Budgets, ensuring that these are in accordance with Institutional Strategy and recommending approval to the Board.
- h) Monitoring the Institution's financial performance vis-à-vis approved Budgets.
- i) Ensuring that the Society has a solid Asset Liability Management process.
- j) Ensuring the existence of comprehensive Human Resource policies.
- k) Selection and retention of management and staff.
- l) Development and management of staff compensation and benefits scheme.
- m) Planning for the succession of senior management.

77. AUDIT, RISK AND COMPLIANCE COMMITTEE

- a) The committee shall comprise of 3 board members and the Internal Audit function will serve as its secretariat. One of the Board members at least shall be conversant with financial and accounting matters.

- b) The Audit, Risk and Compliance Committee shall be duly constituted by the Board of Directors to review the financial conditions of the Society, its internal controls, performance and findings of the internal auditor and to recommend remedial actions regularly and at least once in every three months.
- c) The committee shall provide oversight over the society financial risk management activities especially with regard to interest rate risk, liquidity risk, credit risk and capital risk, legal and regulatory risk.
- d) The Audit, Risk and Compliance Committee shall report to the Board of directors on measures taken to implement recommendations and corrections of findings reported.

78. SUPERVISORY COMMITTEE

- a) There shall be a Supervisory Committee consisting of three (3) members who must not be employees of the SACCO or serving on the Board or any other Committee of the Society. The Supervisory Committee shall be directly answerable to the Annual Delegates Meeting, to which it shall report.
- b) The Supervisory committee shall be confirmed by the delegates at the Annual Delegates Meeting. The Supervisory committee shall consist of three members all of whom shall:
 - i. Not be employees of the society, members of the board or any Board committee
 - ii. Have some experience in audit, accounting or general management
 - iii. Come from branches based in Nairobi.
- c) The term of the Supervisory committee members will initially be three (3) years with a 1/3 of them retiring yearly on rotational basis.
- d) The Supervisory Committee members shall choose among their number a Chairman, Secretary and a member.
- e) Without intervening in the administrative functions subject to its control and supervision, the Supervisory committee shall be responsible for Society compliance and internal Control and oversight.
- f) Supervisory Committee shall not perform the duties or exercise any of the powers of the Board of Directors of the Society.

PART EIGHT– CHIEF EXECUTIVE OFFICER

79. 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 Society and 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 officer shall ensure that the board is frequently and adequately appraised on the operations of the Society through presentation of relevant reports which shall cover, but not limited to the following: -
- i) Financial statements (monthly, quarterly and annual)
 - ii) Showing current compared with past period actual performance, the budget compared with the actual and with explanations for any variances
 - iii) Capital structure and adequacy
 - iv) Delinquent loan list, and in particular growth in loans, loan losses, recoveries and provisioning
 - v) Statement of comprehensive income (monthly, quarterly and annual) comparison with budgeted against actual
 - vi) Sources and application of savings and deposits
 - vii) All insider lending and non-performing insider loans if any
 - viii) Violation of the Act, these regulations and any other applicable law, and remedial actions taken to comply
 - ix) Large risk exposures
 - x) Investment portfolio
- c) The Chief executive officer shall;
- i) Attend all board and general meetings as an ex-officio member.
 - ii) Be a signatory to Society Cheques, contracts and other documents as may be necessary.
 - iii) Perform such other duties as may be assigned by the board.

PART NINE - POLICIES AND PROCEDURES FOR THE SOCIETY

80. GUIDELINES AND POLICIES

The board of directors may make such policies and guidelines not inconsistent with the Act, Rules, Regulations and these by-laws, as they may deem necessary for the conduct of the society's business. Any such policies and guidelines shall be recorded in the minute book and shall be posted on the society's Notice Board, and shall come into force when and as determined by the board of directors

81. CONDUCT OF BUSINESS

The Board of Directors may make such rules not inconsistent with these by-laws, as they may deem necessary for the conduct of the society's business. Any such regulations shall be recorded in the minutes, incorporated in the Society policies

and shall be posted on the society's notice board, and shall come into force when and as determined by the Board.

82 .LOANS TO MEMBERS

- a) The society shall have a credit policy approved by the board of directors. The credit policy shall comply with the Act, Rules, SASRA Regulations, the Commissioners' policies and any other relevant law of Kenya that shall guide the issuing of loans to members
- b) All loans (including repayment, security and recovery) shall be considered in accordance with the provisions of the credit policy in force and which may be reviewed from time to time
- c) The rate of interest on loans shall be determined by the board of directors as informed by a cost analysis and pricing through the annual business plan process

PART TEN – ACCOUNTS AND RECORDS

83. BOOKS AND RECORDS

The society shall keep up to date and in a proper business-like manner accounts and such books as the Co-operative Societies Act, and rules may require from time to time. The following books shall be kept by the Society.

- a) A register of members showing in respect of each member:-
 - i. The name, age, date of application of membership, address and occupation.
 - ii. The date on which he ceased to be a member
 - iii. Particulars of his nominee.
 - iv. Any other information as may be required by the Society from time to time.
- b) Minute books giving details of proceedings of board, Board committees, joint board and Supervisory Committee, Supervisory Committee meetings and all other committee meetings held in accordance with these by-laws.
- c) A minute book giving details of the proceedings at the Delegates meetings.
- d) A cashbook showing the details of all monies received or paid out by the Society.
- e) A general ledger containing such accounts as is necessary to accurately reflect the proper record of the business of the Society.
- f) A personal ledger for each member showing his transactions with the society.
- g) A register of assets and property.
- h) A stock control ledger.
- i) A register of charges showing in respect of every charge created by the society the amount of the charge and the person entitled thereto.
- j) A register of loans to members showing in respect of each loan; the loan number, the name of the borrower, the amount borrowed, the purpose of the loan, security, the due date of repaying and the date the repayment is made.
- k) A ledger showing deposits and withdrawals made by members.
- l) A guarantors control registers showing loan interest rates and collaterals.

- m) A copy of the current Co-operative Society Act, SACCO Act, Rules and Regulations.
- n) A copy of by-laws of the apex society (CAK) and National Co-operative Organizations including but not limited to KUSCCO, CIC and Co-operative Bank of Kenya.
- o) A certificate of registration of the Society visibly displayed in the office.
- p) Copies of monthly financial accounts.
- q) Copies of all policy documents and procedures manual.
- r) Copy of the Risk Management Certificate or Insurance policy document.
- s) Such other books and records as the Board may decide or the commissioner may prescribe.
- t) The accounts and the financial records of the Society shall be denominated in Kenya shillings and shall comply with international financial reporting standards and any reporting requirements prescribed by the Authority.

84. PAYMENT TO BOARD OF DIRECTORS

The society may, upon approval of the Delegates Meeting pay any of its officers or members such honorarium, salary commission or other payments subject to the provisions of the approved budget for the Financial year, provided that no expenditure shall be authorized by the board unless it is provided for in the estimates formally approved by the Annual Delegates Meeting.

85. AUDITS

- a) The Society shall submit to the Authority the selected names of the external Auditor within 30 days after the annual delegates meeting together with an extract of minutes appointing the external auditor;
- b) The External Auditor shall submit audited accounts to the annual general meeting within two months after the end of the accounting period.
- c) The society shall pay such audit fees and supervision fees in accordance with the Act, Rules and Regulations.

86. DEPOSIT GUARANTEE FUND

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

87. FINANCIAL YEAR

The Financial Year of the Society shall be the same as the Calendar Year (from 01st January to 31st December).

PART ELEVEN -SIGNATORIES FOR THE SOCIETY

88. AUTHORISATION TO SIGN DOCUMENTS

- a) All documents, contracts, and cheques shall be signed on behalf of the society by any three of the following:-
 - i. Chairman
 - ii. Vice-Chairman
 - iii. Treasurer
 - iv. Secretary
 - v. Chief Executive Officer
 - vi. The Finance Manager
- b) The internal regulations shall detail which signatories are necessary for particular operations.
- c) Unless otherwise provided the documents of the society shall be deemed official provided they carry the official stamp and designated signatures.
- d) The books, accounts and all other documents of the society shall be permanently at the disposal of the board, Supervisory Committee and the commissioner for Co-operatives. Information from the records shall be kept very confidential.

89. COMMON SEAL

The society shall adopt and use a common seal. The seal shall have imprint bearing the word, “**Seal of the KENPIPE Deposit Taking Sacco Society Limited**”, and shall be different from the ordinary name-stamp of the society.

- (i) The seal shall be kept securely under lock and key by the Chief Executive Officer and be used only in the presence of the officers authorized to sign documents on behalf of the 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 Society.

PART TWELVE –MISCELLANEOUS

90. 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 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
- d) A copy of these by-laws shall be furnished to every member who joins the Society or on request upon payment of a fee not exceeding its actual cost to the Society.

91. DISSOLUTION

- a) The Society shall be dissolved in accordance with the procedures set forth in the Co-operative Act and Regulations and the Rules.
- b) In the event of liquidation, the assets of the society shall be realized, all liabilities shall be paid, all savings shall be refunded to the members and any surplus of deficit thereafter shall be apportioned to each member in proportion to the value of each member's savings at the date of liquidation.

92. DISPUTES

Any disputes arising out of these By-laws concerning the business of the Society which cannot be determined by the Board (or Delegates General Meeting) shall be referred to the Co-operative Tribunal. Appeals shall be taken to the High Court.

93. AMALGAMATION

The society may be amalgamated with any other society in accordance with the Co-operative Societies Act.

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. ACQUISITION OF BY-LAWS

These by laws shall be availed to new members at no cost. The society may make available upon request a certified copy of these By-laws from the registered office of the Society upon payment of a fee to the Society. For purposes of this provision, a copy of the By-laws shall be deemed duly certified provided it is endorsed in compliance with these By-laws.

96. ACCEPTANCE

We the undersigned Board members of the Co-operative Society named herein accept and adopt these By-laws for and on behalf of **KENPIPE DEPOSIT TAKING SACCO SOCIETY LIMITED** together with any change or alterations that have been initialled or signed by us.

SIGNATURE

NAME: YIFALLI OPAVO I/D NO. 5951795 SIGN: [Signature] DATE: 01/9/2023
CHAIRPERSON

NAME: MERCY WESUTKA I/D NO. 11564496 SIGN: [Signature] DATE: 06.09.2023
HON. SECRETARY

NAME: NIWAS AMEN MDAKI I/D NO. 13594646 SIGN: [Signature] DATE: 06.09.2023
CHIEF EXECUTIVE OFFICER

97. OFFICIAL CERTIFICATION

I Certify that the foregoing by-laws of **KENPIPE DEPOSIT TAKING SACCO SOCIETY LIMITED** have been approved and duly registered

GIVEN under my hand at **NAIROBI** this Kenpipe Deposit Taking Sacco Day
of 25TH year 2023.

[Signature]
DAVID K. OBONYO
COMMISSIONER FOR CO-OPERATIVES