



NDEGE CHAI SACCO SOCIETY LIMITED

BYLAWS

December, 2016

BY-LAWS OF NDEGE CHAI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

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PART ONE NAME AND ADDRESS

1. NAME AND AREA OF OPERATION

This Society shall be called **NDEGE CHAI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED**, hereinafter referred to in these By-laws as “the Society” and its area of operation shall be in **the Republic of Kenya**.

2. REGISTERED OFFICE AND POSTAL ADDRESS

The Registered Office of the Society shall be situated at **Ndege Chai Plaza**, Kericho-Kisumu Road, and its Postal address shall be: P.O. Box 857-20200, Kericho.

The Front Offices shall be at *FOSA Kericho, Ndege Chai Plaza and FOSA Naivasha, Touchline Arcade, along Naivasha-Mai Mahiu highway* and its Postal address shall be: *-FOSA Naivasha, P.O. Box 20117-1296, Naivasha.*

The Board of Directors shall after due diligence establish such Site offices and Service Centres in order to provide services at close proximity of the members.

Any change of address of the Society shall be furnished to the Commissioner for Co-operative Development, *the Authority* and to the members of the Society within 30 days of such change.

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

3. DEFINITIONS AND INTERPRETATION

In these By-laws, unless the context otherwise requires, words or phrases shall be defined/interpreted in accordance with the Co-operative Societies Act No. 12 of 1997, Co-operative Societies (Amendment) Act, No. 2 of 2004 and the Co-operative Societies Rules LN No.125 made thereunder *and shall include their subsequent amendments. The Bylaws shall also be in accordance with the SACCO Act, 2008 and the SACCO Regulations (Deposit –taking SACCO Business), 2010.*

- i) “**Annual Delegates Meeting**” means an annual delegates meeting of the Society specified as such in the notice calling it and which must be held every calendar year.
- ii) “**Apex Society**” means a Society formed at the national level by the Cooperative movement in Kenya and registered under the Act to promote Co-operative development and represent the interests of co-operative societies locally and internationally.
- iii) “**Area Service centre**” means a central place or other approved offices from where members of area electoral zones may access loan and other authorized services.
- iv) “**Authority**” means SACCO Societies Regulatory Authority(SASRA)
- v) “**Board of Directors**” or “**Board**” means the governing body of the Society to whom the management of its affairs is entrusted.

- vi) **“Board Charter”** refers to the Society document that sets out the authority, responsibilities, membership and operations of the Board of directors and/or Board Committees.
- vii) **“Branch” means** a retail and physical location, other than the headquarters from where the Society offers a wide array of face to face and automated financial services to members.
- viii) **“Capital”** means the permanent members equity in the form of common stock and includes all disclosed reserves, retained earnings, grants or donations.
- ix) **“CAK”** means Co-operative Alliance of Kenya Limited.
- x) **“Commissioner”** means the Commissioner for Co-operative Development and Marketing appointed under section 3 of the Co-operative Act and includes any person on whom any of the powers of the Commissioner have been conferred in accordance with the Co-operative Societies Act (Amendment) Act, No. 2 of 2004 .
- xi) **“Common Bond”** shall mean any unifying factors that bring the members together. In this context it shall include individuals or organizations approved by a Delegates Meeting.
- xii) **“Co-operative Act”** refers to the Co-operative Societies Act No.12 of 1997 and (Amendment) Act, No. 2 of 2004 and subsequent amendments.
- xiii) **“Core capital”** means the 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.
- xiv) **“Date of Dissolution”** means the date on which the Commissioner’s order cancelling the registration of the Society takes effect.
- xv) **“Delegate”** means members’ representative elected in accordance with these by-laws.
- xvi) **“Deposits”** means a sum of money paid on terms under which it shall be repaid, with or without interests or premiums, and either on demand or at a time or in circumstances agreed by or on behalf of the person making the Society to receive it at a risk of the Society receiving it”.
- xvii) **“Dividends”** means the share of a Society’s surplus allocated to members or an amount of the profit the organization pays to the people who own shares in the Society.
- xviii) **“Electoral Zone”** means a cluster of members in a certain location eligible for representation by a delegate in accordance with these by-laws.
- xix) **“Financial investments”** shall mean investments in government securities, shares and stocks, deposits in institutions licensed under the Banking Act and other licensed SACCO societies.
- xx) **“Delegates Meeting”** means Annual Delegates Meeting or Special Delegates Meeting of the Society.
- xxi) **“Institutional Capital”** means disclosed reserves, retained earnings, grants and donations all of which are not meant to be expended unless on liquidation of the SACCO Society.
- xxii) **“Liquid funds”** means cash and deposits with a maturity of not more than 30 days.
- xxiii) **“Member”** means a person admitted to membership in accordance with these by-laws and the Society’s Membership Policy.

- xxiv) **“Members of the immediate family”** when used in these By-laws, includes, but is not limited to a spouse or other family member living in the same household or under the direct influence of the officer, member or employee of the Society.
- xxv) **“Member in good standing”** means a member who is current on the repayment of his/her loan repayments due to the Society and who is current on making his/her required contributions and has not in any way acted in a manner which is potentially damaging to the Society and has fully complied with the policies and rules set by the Society.
- xxvi) **“Minors”** shall mean persons who are not up to 18 years of age but who benefit from some of the products and services of the Society.
- xxvii) **“Net Surplus”** means the amount of income in excess of expenses of the Society. It is the amount computed before any allocation is made for members’ dividends and/or interest to be paid on shares.
- xxviii) **“NACO” means National Cooperative Organizations.**
- xxix) **“Officers”** 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 relating to the overall direction of the Society or takes part in the general management thereof.
- xxx) **“Personal Representative”** means any person who, under law or customs, is responsible for administering the estate of a deceased person.
- xxxi) **Rules** mean the Rules made by the Minister in charge of Co-operative Development and include the Co-operative Societies Rules, 2004 and subsequent amendments.
 - xxxii) **Regulations** means the Regulations made by the Minister in charge of Co-operative Development and includes the SACCO Regulations (Deposit taking SACCO Business), 2010 and subsequent amendments.
 - xxxiii) **“SACCO”** means Savings and Credit Co-operative Society.
 - xxxiv) **“SACCO Act”** means the SACCO Act, 2008 and subsequent amendments.
 - xxxv) **“Savings”** means deposits payable on demand.
 - xxxvi) **“Share”** means the amount representing a member’s portion in the equity of a Society as a co-owner”.
 - xxxvii) **“Society”** means “Ndege Chai Co-operative Savings and Credit Society Limited”.
 - xxxviii) **“Special Delegates Meeting”** means any Delegates Meeting of the Society which is not an Annual Delegates Meeting.
 - xxxix) **“Special Resolution”** means a resolution passed by two thirds of the members present and **voting at a Delegates Meeting of the Society.**
- xl) **“Supervisory Committee”** means an oversight committee elected at a Delegates Meeting and in accordance with these Bylaws.
- xli) **“Tribunal”** means the Co-operative Tribunal established under Section 77 of the Co-operative Societies Act.

Where masculine gender is referred to, it shall include the feminine gender. Any questions or dispute concerning the interpretation of these By-laws on any matters not provided for therein, errors and omissions shall be referred to the Tribunal.

PART TWO OBJECTS OF THE SOCIETY

4. VISION

The vision of Ndege Chai SACCO is:-

“To be a World Class Financial Institution”

5. MISSION

The mission of Ndege Chai SACCO is:-

To provide excellent financial services to our customers through efficient mobilization and application of resources and education to stakeholders”

6. VALUES OF THE SOCIETY

The SACCO will be guided by the following values.

- i) Be prompt, effective and professional in service delivery to members.
- ii) Ensure the most competitive returns on investment while complying with regulatory requirements
- iii) Education to members
- iv) Creativity and innovation
- v) Uphold the virtues of loyalty, integrity and confidentiality

7. OBJECTS

The objects for which the Society is established are to: -

- a) Promote thrift among its members by affording them an opportunity for accumulating their Savings.
- b) Create a source of funds from which members can borrow at fair and reasonable rates of interest.
- c) Provide an opportunity for each of its members to improve their respective economic and social conditions.
- d) Provide members with credit for purposes of providence, production or both.
- e) Offer to the members complementary Savings and Credit services and other financial Products and services in response to the members’ changing needs and preferences.
- f) Ensure safety and soundness of the members’ funds through appropriate Risk Management Programmes
- g) Ensure the progress of its members by educating them continuously on the proper use of financial products and services.
- h) Perform the function and exercise the power designated for Savings and Credit Co-operative Societies under the applicable law for the benefit of the members.

For the attainment of the above objects, the Society may do all acts and things that are permissible under the Co-operative Societies Act, the Rules, the SACCO Act and Regulations and these By-laws provided that Delegates at Delegates Meetings approve such acts or things either specifically or generally.

The objects of the Society shall generally be in accordance with the Co-operative values and principles.

8. CO-OPERATIVE PRINCIPLES AND VALUES

- a) In order to achieve the objects for which it is established, the Society shall practice the following Co-operative Principles:
- i) Voluntary and open membership.
 - ii) Democratic member control.
 - iii) Economic participation by members.
 - iv) Autonomy and independence.
 - v) Education, training and information.
 - vi) Co-operation among co-operatives and
 - vii) Concern for community in general.

The Board of Directors and Management shall endeavour to provide timely information, promote cooperation and understanding amongst members and with other co-operative institutions locally, nationally and internationally.

9. MEMBERSHIPS, PARTNERSHIPS AND SUBSIDIARIES

- a) The Society may become a member of any national or international organization that may best serve the interest of the Society and is approved by the Board of Directors.
- b) The Society may enter into partnerships with organizations, institutions and such other service providers approved by the Board of Directors.
- c) The Society may form or participate in such subsidiaries as may be of benefit to the Society.
- d) Ndege Chai Sacco, owing to its 25% stake in Ndege Chai Housing Co-operative Society, has entered and signed a memorandum of understanding (MOU) with Ndege Chai Housing Co-operative which specifies among other details that Ndege Chai Sacco shall second 2 (two) directors to Ndege Chai Housing Board who shall be part of the executive committee of Ndege Chai Housing to represent the Sacco interest. The MOU is hereby recognized in this by laws.
- e) The Society shall recognize the fact that such membership and partnerships are vital for the safety of its transactions and in the interest of its Members.
- f) In accordance with the principles of co-operation among Co-operatives the Society shall build a strong SACCO System nationally and internationally.

PART THREE MEMBERSHIP

10. MEMBERSHIP ELIGIBILITY

The following persons, institutions or groups who applied for registration of the Society and have fulfilled the membership conditions in accordance with these By-laws shall be eligible for membership:-

- a) Past and present employees of:
 - i. Finlays countrywide such as in Kericho, Londiani, Nairobi, Mombasa,
 - ii. United warehouse in Mombasa
 - iii. Consolidated Mombasa
 - iv. Flamingo Horticulture in Naivasha
 - v. Schools such as Moi Tea Girls, Kericho Tea, Kericho Primary, Holy trinity academy

- vi. Hospitals such as Kericho District Hospital
 - vii. Recreational Clubs and Hotels such as Kericho Club, Tea Hotel
 - viii. Other Tea companies such as Sotik Tea, Sotik Highlands, Kabianga tea farm, Mau tea farm, Tinderet tea farm, Changoi and Unilever.
 - ix. Stevia Project Out growers
 - x. FOMAWA
 - xi. Churches such as Sacred Heart Cathedral
 - xii. Companies affiliated to Kenya Tea Growers Association
- b) Approved Business entrepreneurs and institutions, Farmers ,Out growers and Contractees of related companies and institutions
 - c) Original members who signed the application for registration provided that they comply with these By-laws.
 - d) All persons, institutions and groups who thereafter apply for membership, and fulfill conditions of these By-laws.
 - e) An employee of the Society or a subsidiary of the Society
 - f) A person who is a resident within or occupies land within the Society's area of operation,
 - g) A person who is in employment, occupation or profession which falls within the category or description of those tea and allied sectors
 - h) A member of the immediate family of a member admitted into membership
 - i) A nominee of a member of the Society
 - j) Any other person employed by an organization registered in Kenya, capable of making regular contribution to the Society and fulfill loan repayment requirements and approved by the Board of Directors.

All eligible persons shall become members in accordance with the membership policy of the Society. The Register of members shall be updated on quarterly basis.

11. MEMBERSHIP QUALIFICATIONS

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

- a) Is within the field of membership
- b) Is not less than eighteen years of age, if a natural person
- c) Is of good character
- d) Is of good standing
- e) Is of sound mind
- f) Is not a member of another salary based SACCO in the country
- g) Is not directly, a money lender or carrying out such activities detrimental to the objectives of the Society
- h) Has regular income from employment, business or trade
- i) Has paid the prescribed entrance fee and at least one share
- j) Has accepted the objectives of the Society, the obligations of members and other conditions as stated in these By-laws.

12. APPLICATION FOR MEMBERSHIP

- a) Every applicant for membership shall complete an "application for membership" form.

- b) Upon admission, a member shall be given a membership number, entered in the member`s register and a member`s personal file opened.

13. MEMBERSHIP ADMISSION

- a) An applicant shall be admitted to membership on being accepted by a simple majority vote of the Board of Directors, but shall not qualify for the rights and privileges of membership until he has paid an entrance fee as may be prescribed in the Membership Policy and paid in full Share Capital of Kshs. 5,000 i.e. 50 shares of Kshs. 100 each.
- b) There shall be two classes of membership. Category A membership shall be the original members and those falling within the composition of membership under the Bylaw 10 a (i). Category B membership shall be all others not in category A.
- c) The Membership policy shall provide details on the operations of the two categories and such issues as graduation from one category to another.

14. REFUSAL OF MEMBERSHIP

- a) The Board of Directors may refuse membership to any applicant by giving him/her reason for the refusal in writing, provided the person whose membership has been refused, if aggrieved by the decision, shall have the right to appeal to the next Delegates Meeting through a delegate.
- b) Any such appeal must be supported by at least 50 delegates or 20% whichever is less and upon payment of a fee as may be prescribed in the Membership Policy. The decision of the Delegates Meeting on the matter shall be final.

15. MEMBERSHIP RIGHTS

- i) 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 these By-laws. Members rights include but not limited to: -
 - a) Receiving, periodically and regularly, or upon request, and at least once a year, a Statement of Accounts containing the individualized record of his credit and debit transactions.
 - b) Attending and participating in elections within the electoral zone. Each member shall have one vote irrespective of the member`s total shareholding.
 - c) Electing representatives to attend and participate at a Delegates Meeting.
 - d) Electing or be elected as an officer of the Society unless otherwise prohibited by any other Law or these By-laws.
 - e) Using the Society Services according to the Policies and Procedures approved by the Board of Directors.
 - f) Submitting projects or initiative to the Board of Directors, for the improvement of the Society Services.
 - g) Appointing a nominee.
 - h) Participating in sharing of the Society surpluses
 - i) Accessing all legitimate information relating to the Society, including internal regulations, registers, minutes of the Delegates Meetings, Supervisory committee reports, annual accounts and inventories, investigation reports, at the registered office of the Society subject to the Society policy and regulations for the time being in force.

- j) Voting on all matters put before the electoral zone.
- k) All other rights as prescribed by the Co-operative Act and the Rules

- ii) Class A members shall have the right to be elected as officers of the society while class B members can only be elected as delegates of the society.
- iii) Class A members can transfer to become Class B members. However, Class B members cannot transfer to become Class A members.

16. MEMBERS OBLIGATIONS

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

- a) Be faithful and honest in all their dealings with the Society.
- b) Observe the law, the rules and these by-laws whenever transacting any business with the Society.
- c) Observe the code of conduct and ethics for the Society and in particular desist from any corrupt practices in all dealings with the Society.
- d) Refrain from engaging in the business of money lending in competition with the Society.
- e) Protect the image of the Society and avoid unnecessary publicity, incitement or careless talk that can injure the reputation of the Society.
- f) Inform the Chief Executive Officer in writing of change of their electoral zone whenever they do so change.
- g) Pay their debt obligations to the Society without fail and save regularly with the Society.
- h) Seek cooperative education to improve their awareness and enlightenment on cooperative matters.
- i) Attend meetings and education forums and take part in decision-making.
- j) Inform non-members and encourage them to join the Society.
- k) Bring out problems affecting the Society and look for solutions.
- l) Participate in the Society projects both physically and financially.
- m) Make use of the services of the Society as stated in its objects.
- n) Comply with these By-laws, the Co-operative Act, SACCO Act, Rules, Regulations and Delegates Meeting Resolutions.

17. MEMBER PERSONAL ACCOUNTS

The Society shall provide a periodic "Statement of Accounts" containing a record of the members' transactions with the Society.

18. PENALTIES

- a) Any member who willfully acts in violation of these by-laws or regulations made there under shall be liable to a fine not exceeding twenty thousand shillings (Kshs.20,000) 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 violation of By-laws by members. Any member aggrieved by the decision of Board of Directors may appeal to the Delegates Meeting whose decision shall be final. Provided this provision should not prejudice a members' right to refer the matter to the Tribunal, if the issue constitutes a dispute.

19. APPOINTMENT OF A NOMINEE(S)

- a) Every member may nominate in writing one or more persons in order of priority to whom upon his death, his deposits or any other interest shall be transferred. Appointment of a nominee by a member shall be in writing and signed by the member in the presence of two attesting witnesses.
- b) A member shall have the right to change his nominee(s) but any such change or alteration must be in writing and signed by the member in the presences of two attesting witnesses.
- c) The records of nominee(s) shall be kept securely and in safe custody.
- d) Disputes regarding shares, deposits or any other interests of a deceased member shall be referred to the tribunal.
- e) The administration of nominee issues shall be provided in the Membership policy

20. PAYMENT TO UN-ADMITTED NOMINEE

Upon notification to the Society of the death of a member, the nominee(s) or in his absence, the legally appointed personal representative, shall be paid the value of the deceased members' deposits or interest within reasonable time subject to:

- a) Submission of the deceased member's copy of death certificate, and a copy of national identification card of the nominee.
- b) Recovery of all outstanding debts not covered under any insurance programme.

21. VOLUNTARY WITHDRAWAL

- a) Members with no liability or outstanding obligations on their accounts and no outstanding collaterals or guarantees for other members' loan may withdraw from membership at any time, without losing vested rights.
- b) In spite of losing their status as members, individuals who have withdrawn from membership but still have outstanding loan balances or outstanding guarantee for other members' loans shall continue being responsible for their respective obligation unless alternative arrangement, acceptable to the Society is made.

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 if not with any outstanding liability with the Society.
- b) A member who is withdrawing may pay to the Society a withdrawal fee out of his/her deposits as may be prescribed in the Membership Policy.

23. CEASATION OF MEMBERSHIP

Membership in the Society shall be terminated upon: -

- a) Voluntary resignation by the member.
- b) Death of the member.
- c) Expulsion from membership.
- d) Becoming certifiably insane.
- e) Acting contrary to the relevant provisions of the Act, Rules and By-laws.
- f) Ceasing to hold the eligibility qualifications for membership stated in these By-laws.
- g) Withdrawing all his deposits and transferring his shares.

h) Being declared bankrupt by a court of law

24. SUSPENSION AND EXPULSION

The Board of Directors may suspend a member subject to expulsion by the Delegates Meeting who:-

- a) Fails to meet the requirements stated in the Co-operative Societies Rules
- b) Willfully fails to comply or refuses to comply with the Society's By-laws, policies and contracts and persists in such refusal or failure.
- c) Willfully defaults in the repayment of loans due or part of loans or advances due for a period exceeding six months.
- d) Fails to save regularly.
- e) Is found to have willfully furnished false particulars in his dealings with the Society.
- f) Acts in any way detrimental or prejudicial to the Society's interests or for other just cause.
- g) Is convicted in court of law of a criminal offence involving dishonesty or imprisonment for any other offence for three months or more.
- h) For any other reason approved by the Delegates Meeting and/or as may be contained in the Society's membership policy.

25. SUSPENSION AND EXPULSION PROCEDURE

- a) Upon formal and written announcement and proof that a member has committed a violation punishable by expulsion, the Board of Directors shall provide written notice to the member stating the reason(s) for the suspension and proposed expulsion, and grant the member 30 days for the member to prepare a defense if any.
- b) Upon expiry of the 30 days and taking into consideration the member's defense, the Board shall initiate an administrative inquiry and take a decision on its findings within 15 days.
- c) A member so suspended by the Board of Directors shall have the right to appeal at the next Delegates Meeting provided the Notice and grounds of such appeal have been filed with the Honorary Secretary not less than 30 days before the date of the Meeting.
- d) A member so suspended or expelled loses voting rights and cannot attend Society Meetings unless invited by the Honorary Secretary in writing.

The decision of the Delegates Meeting on such expulsion shall be final. Provided such a member shall have the right to appeal to the Tribunal if the issue constitutes a dispute.

26. PAYMENTS RESULTING FROM WITHDRAWAL, TERMINATION OR EXPULSION FROM MEMBERSHIP

The following are the conditions that must be observed by members who withdraw from the Society and wish to rejoin later.

- a) Where a member wishes to withdraw from the Society he will be required to give the Society a written notice of up to 60 days of his intention to withdraw.
- b) No member shall be allowed to withdraw from the Society unless his outstanding loan is repaid in full or the loan balance can be fully offset against his deposits, such a member will also have to satisfy the Society that all the loans guaranteed have been paid in full.

- c) A member who withdraws will be required to clear all his outstanding loans and provide alternative guarantors for loans guaranteed.
- d) A member who has withdrawn from the Society may be accepted to join after a period of not less than two months of the withdrawal.
- e) A rejoining fee may be charged on the rejoining member in addition to the normal entrance fee and as may be prescribed in the Membership Policy

PART FOUR ENTRANCE FEES AND SHARE CAPITAL

27. ENTRANCE FEE

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

28. SHARES

- a) The nominal value of each share shall be Kshs.100/= and every member shall hold at least fifty (50) shares in the Society, but no member shall hold more than one-fifth of the total shares
- b) Any amount may be accepted towards the purchase of shares provided 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. Shares shall only be transferrable after loan liability has been cleared by the transferor.
- d) All transfers must be registered with the Chief Executive Officer, and no transfer shall be valid unless so registered. A transfer fee to be determined by the Board of Directors 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 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.
- e) Non-withdrawable deposits shall attract interest at a rate to be determined by the Society.

30. LIABILITY OF MEMBERS

- a) The liability of a member shall be limited to the nominal value of the shares 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 amount 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/her death unless otherwise covered under any other existing scheme in the Society

PART FIVE FUNDS OF THE SOCIETY

31. SOCIETY FUNDS

The funds of the Society shall consist of: -

- a) Entrance Fee as may be determined from time to time by the Board of Directors as shall be provided for in the Membership Policy.
- b) An unlimited number of Shares to the value of **Kshs.100/=** each.
- c) Deposits or Loans from members or non-members
- d) Institutional capital or Reserve Fund as required by the Act and such other Reserves as may be established with the approval of the Board of Directors.
- e) Any surplus resulting from operations of the Society.
- f) Withdrawable and non-withdrawable deposits.
- g) Funds obtained from other lawful miscellaneous sources.

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 and as determined or approved by the Delegates Meeting

33. POWERS TO BORROW AND CREATION OF A CHARGE

- a) The Society may borrow loans or deposits from non-members subject to the maximum determined by the Delegates Meeting, which shall be notified to the Commissioner and the Authority.
- b) The Society may borrow up to 25% of its total assets in execution of the Society's duties.
- c) For the necessary Security of any Loans accepted by the Society under paragraph (a) above, the Society may grant a charge over the assets of the Society.

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 or issuance of an official receipt in the name of the Society.

35. EXPENDITURE

- a) The Board of Directors shall operate on a budget approved by the Delegates Meeting of the Society.
- b) Where any budget line is exceeded, the Board of Directors shall prepare a supplementary budget for the approval of the Delegates Meeting.

36. LIQUIDITY MANAGEMENT

- a) The Board of Directors shall formulate the Liquidity Policy for the SACCO Society.

- b) The Board shall put in place a contingency plan to handle liquidity matters. The plan shall include procedures for making up liquidity shortfalls in emergency situations and back-up liquidity strategy for circumstances in which the normal approach to funding operations are disrupted.
- c) The SACCO shall maintain adequate liquidity as required by law.

37. RESERVES

- a) Subject to the provisions of the Co-operative Act, and approval of the Board, the Society shall pay one-fifth 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 the Cooperative 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 Cooperative Act and Rules.

38. INVESTMENTS

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

PART SIX DISTRIBUTION OF SURPLUS

39. DISPOSAL OF SURPLUS

Subject to the Act and Rules, and approval by the Delegates, the net surplus resulting from the operations of the Society during any financial year shall be disposed of as follows: -

- a) Not less than one-fifth (20%) shall be credited to the Reserve Fund.
- b) The Balance may be disposed off as the Board may decide and approved by the Annual Delegates Meeting:-
 - i) Paying dividend on shares at a rate recommended by the Board of Directors and approved by the Annual Delegates Meeting.
 - ii) Paying honoraria to officers of the Society as may be determined by the Annual Delegates Meeting.
 - iii) Being carried forward to a General Reserve including the appropriations account.
 - iv) After making the required allocation to the Reserve Fund, applying a specified amount of the remaining net balance to any charitable purpose as may be recommended by the Board of Directors.
 - v) In any other way as may be determined by the Annual Delegates Meeting.
- c) The Board of Directors shall establish the dividend period, and the rate and terms of payment of dividend period, and the rate and terms of payment of dividends in accordance with applicable law.
- d) The rate and terms of payment may be established and guaranteed in advance by the Board of Directors.

- e) The Board of Directors may classify share and deposit accounts, and may declare dividends at variable rates for each type of account.
- f) Dividends due to a member shall be credited to the member's FOSA account.
- g) Detailed policies and procedures shall be provided for by the Board of Directors in the dividends policy.
- h) Payment of Interest on deposits shall be based on the terms and conditions provided in the savings and deposits policy.

PART SEVEN GOVERNANCE OF THE SOCIETY

40. GOVERNANCE STRUCTURE

- a) The Governance structure of the Society shall comprise the Delegates Meeting that has the overall control of the Society, Board, management, staff, elected Service area centre officials and delegates.
- b) The members of an electoral zone shall elect their representatives (delegates) who shall constitute the Delegates Meeting. Provided that in the interest of maintaining the operations of the Society, the Board of Directors may delegate authority or appoint the Service area centre officials to provide loan and other services at a designated Service Area Centres.

41. ELECTORAL ZONE, SERVICE CENTRES AND BRANCHES

- a) The Society shall have as many Electoral Zones (representation), Service area centers and Branches as may be established by the Board of Directors from time to time. provided
- b) The members of each electoral zone shall be represented by such number of delegates as may be provided for in the Membership policy and elected in accordance with these Bylaws.
- c) The Service Area Centre shall provide loans and other services to members in accordance with these Bylaws and applicable Society policies.
- d) Branches shall offer all services as may be offered by the Headquarters and in line with the Society's operational policies and procedures.
- e) Every member shall belong to one electoral zone and one Service area centre, provided that a member may be served at the head office or any branch of the Society.

42. FUNCTIONS OF AREA SERVICE CENTRE OFFICIALS

- a) Where mandated and appropriate, accept and process loan applications according to the limits prescribed by the Board of Directors.
- b) Provide their recommendation on loan applications to be considered by the Management or Board of Directors.
- c) Receive complaints from members and where necessary forward them to the Management for action.
- d) Provide any information about the status of the member that may affect the Society.
- e) Participate in Delegates Meetings, and other functions of the Society held at their respective Area Service Centers.

43. DELEGATES ELECTION

- a) There shall be elected one delegate to represent a minimum of 70 members' . Provided that no electoral zone shall be represented by more than eight delegates. The Society shall have a maximum of 300 delegates.
- b) The delegates shall be elected for a term of three years and may be eligible for re-election.
- c) Where the Board of Directors deems it appropriate, Service area centre officials shall be elected by the delegates.
- d) No delegate shall be entitled to vote by proxy. All delegates shall have one vote irrespective of their shareholding
- e) A delegate may be voted in absentia provided he had indicated interest in the elections.
- f) No member shall be eligible or qualified to be elected as a Delegate if he/she:
 - i. Is not a member of the Society;
 - ii. Is an un-discharged bankrupt;
 - iii. Is of unsound mind;
 - iv. Is an employee of the Society or its subsidiary;
 - v. Has not attained shares and deposits above Kshs.250,000/= for members in the management level, Kshs.100,000/- for members in the middle scale category and those in the category of Business entrepreneurs and out growers ,and Kshs.50,000/- for members in the lower category of employment; Provided that Board members may consider waiver of this provision for newly established service area or electoral zone;
 - vi. Has not been a member for at least 2 years
 - vii. Has not attained a minimum of Ordinary Level of education or its recognized equivalent;
 - viii. Has been a defaulter for 6 months or more.
- g) Delegates will be people of high integrity, honest, innovative and beyond reproach.
- h) No delegate will involve himself/herself in shy locking business. If proved beyond reasonable doubt such delegate will automatically loose their positions and even membership in the society.
- i) All delegates will be required to have thorough knowledge of co-operative society Act, rules and by-laws. It will be mandatory for delegates to conduct their roles diligently and in a civilized manner.
- j) The delegates shall provide indemnity to the extent of the allowable imprest limits of the respective Service Centers.
- k) When a delegate leaves employment for whatever reason before term expires he/she automatically loses his position as a delegate. Delegates who transfer to other units shall continue to serve as delegates provided they are within the same employer.
- l) Cessation of office by a delegate:-
 - i) Death
 - ii) Permanent incapacitation

- iii) Insanity proven by a competent medical doctor/Board
- iv) Imprisonment for a period more than six months.
- v) Withdrawal of membership
- vi) Resignation from being delegate.
- vii) Dismissal by the employer
- viii) Expulsion by the Board under the Sacco laws

44. DUTIES AND RESPONSIBILITIES OF DELEGATES

It shall be the responsibility of every delegate to:-

- a) Attend Delegates Meetings when convened, in order to exercise their democratic rights and those of the members they represent.
- b) Attend Delegates Education Seminars organized by the Society.
- c) Participate in Members Education Days organized by the Society.
- d) Notify the headquarters on issues related to deceased members.
- e) Educate the members within the electoral areas about the Society matters in general.
- f) Recommend and forward membership withdrawal cases to the Society for processing.
- g) Advise the members on proper loan utilization and the importance of loan repayments.
- h) Act as a liaison person between the Society officials and the members
- i) Elect committed and visionary leaders as Officials of the Society.
- j) Market the Society activities and enhance its corporate image.
- k) Perform such other duties and responsibilities as may be directed by the Board of Directors from time to time.

45. ANNUAL DELEGATES MEETING

The supreme authority of the Society shall be vested in the Annual Delegates Meeting elected in the manner prescribed in these By-laws, where Delegates shall have the right to attend, participate and vote on all matters. Such a meeting shall be held in the manner prescribed in the Act as follows: -

- a) The Annual Delegates Meeting shall be held within four months of the close of the financial year to undertake such other businesses as laid down in the Act and such other as shall appear in the notice convening the meeting.
- b) The Delegates Meeting of the Society shall be convened by giving at least fifteen (15) days written notice to the Delegates.
- c) The Chief Executive Officer shall take all possible and usual steps, such as announcements at public meetings, posting a notice on the Society's notice board or boards, an advertisement in the local newspaper or newsletter, to inform all members of the date and main business of the meeting. All written notices shall include a statement of the business to be dealt with.
- d) The Society may use modern technology and send notices to members electronically through emails and short text messages. Such form of invitation shall not invalidate a meeting.

46. SPECIAL DELEGATES MEETING

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

- a) When convened by the Board of Directors or the Commissioner; or
- b) Within 15 days on receipt of a written demand from at least 120 or two thirds of the delegates whichever is the less.
- c) Any business not completed at the Annual Delegates Meetings may be taken up at a subsequent Special Delegates Meeting, or at the next Annual Delegates Meeting.

For a Special Delegates Meeting requested by the delegates, the request must state the object of the meeting being called, and be signed by the requesters. The request shall be deposited in the registered office of the Society.

47. QUORUM

Except when convened by the Commissioner, the presence of at least **one quarter of the total number of delegates** or **100 delegates**, whichever is less, 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, 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, not more than one-half hour after the advertised time of the meeting.

48. REQUIRED MAJORITY

- a) An action to remove the Board of Directors whose terms have not expired as long as the vote of no confidence is supported by at least 100 or majority of delegates present at the meeting.
- b) Amendments of these By-laws shall be made by a resolution of majority of members present or voting at the Delegates Meeting.
- c) Any other motion shall be approved by simple majority of votes.

49. ENFORCEMENT OF DECISION

A decision taken by the Delegates Meeting shall be binding to all delegates and members present, absent and objecting.

50. CHAIRMAN AT MEETINGS

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

51. IDENTIFICATION OF DELEGATES

Before they may attend or vote at a Delegates Meeting, delegates shall be required to produce evidence of their membership and eligibility as delegates.

52. POWERS AND DUTIES OF ANNUAL DELEGATES MEETING

The Supreme Authority shall vest in the Annual Delegates Meeting which shall be constituted by delegates. The Annual Delegates Meeting shall have the powers and

duties prescribed in section 27(5) of the Cooperative Act. At the Delegates Meeting, delegates shall: -

- a) Consider the minutes of the previous meeting and consider matters arising therefrom.
- b) Consider the Annual reports and accounts and the auditor's report on the activities of the Society during the past financial year.
- c) Subject to these Bylaws, decide the disposal of the net surplus resulting from operations of the Society during the past financial year.
- d) Confirm or otherwise, actions taken by the Board of Directors and give directions to the new Board of Directors where necessary.
- e) Consider appeals against the expulsion of members and refusals of membership by the Board of Directors.
- f) Elect, suspend or remove members of the Board of Directors and the Supervisory Committee provided that proper notice and the purpose of the meeting have been given in advance.
- g) Fix the maximum liability, which the Society may incur in loans.
- h) Approve the estimate of expenditure for the next financial year following the Board's Annual Delegates Meeting.
- i) Receive the inspection notes of the Commissioner and the Authority, if any.
- j) Fix the honoraria, if any, for officials.
- k) Transact any other business of the Society for which 7 days notice shall have been given prior to the meeting.

Provided that the newly elected Board members may not take office until all the items of the meeting's agenda have been concluded.

53. MINUTES

- a) All business discussed at a 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 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 shall be written immediately 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.

54. ELECTIONS

- a) The Society shall operate under a delegate mode of representation. One delegate shall represent a minimum of 70 members. There shall be at least one delegate and a maximum of eight delegates per unit. In the event that no delegates remains in any unit arising from transfer or cessation, the members of the affected unit may petition the board

chairman in writing to allow delegates to be co-opted to serve on interim basis until the next round of election. The co-option will be discussed and ratified by the full board.

- b) To facilitate services to members countrywide, the Board may establish Service Area Centers and electoral zones and circulate or cause to be circulated a list of such Area Service Centers and electoral zones to all members for their information.
- c) Every member shall belong to one electoral zone based on his place of employment or business in which he will participate in elections. It is the members' responsibility to inform the board of any change of electoral zone.
- d) The term of the delegates shall be three years provided they are eligible for re-election thereafter.
- e) Service area centre officials shall be elected by the delegates from the respective area electoral zones.
- f) The delegates so elected shall represent their electoral zones at Delegates Meetings.
- g) For best services to members and effective management of the Society, the Board of Directors and Supervisory Committee members shall be elected from among Class A delegates of Kericho County and Bomet County only.
- h) A Board member may be voted in absentia provided he had indicated interest in being elected to the Board.
- i) Within fourteen days after their elections the names and addresses of all persons elected to office shall be forwarded by the Chief Executive Officer to the Commissioner and to the Authority.
- j) An election candidate who is evidently known to engage in bribery, corruption, undue inducement of other members, or an election malpractice of any description, shall stand disqualified regardless of the seat he seeks.
- k) The following procedure shall be followed during voting:-
 - i) All elections shall be by secret ballot or show of hands, or any other method agreed upon by the eligible voters.
 - ii) No member shall be entitled to vote by proxy.
 - iii) No member, irrespective on the number of shares or deposits held by him, shall have more than one vote.
- l) The presiding officer shall read the fit and proper test requirements to the members and delegates prior to conducting any form of elections.
- m) Elections of Board members may in all cases take into account gender representation and at least two positions may be reserved for the elected women delegates. One position may be in the Board and another in the Supervisory Committee.
- n) Members of staff shall play a facilitatory role during elections.

55. NOMINATING COMMITTEE

a) Composition

- i) At least 21 days prior to each annual meeting, the Board shall appoint a nominating committee of three members. The nominating committee shall consist of any three of the following: one sitting board member, one sitting supervisory committee member, one delegate of unquestionable integrity

approved by the full board, a representative from the government ministry at the time in charge of co-operative affairs, a representative from a professional association or National Co-operative Organization, and a management representative of the society. They shall elect among themselves a Chairman and Secretary for the purpose of election nomination only.

- ii) No member serving on the Nominating Committee may be seeking election at the Society during the elections.

b) Roles of various nominating committee members:

- i) Chairman:

- Preside over all meetings of the nominating committee

- ii) Secretary:

- Receive and Document all applications for nominations
- Take and document all minutes of the committee
- File its nominations and rejections with the Secretary of the Society at least seven (7) days prior to the Annual Delegates Meeting.

c) Application for nomination procedure:

- i) Immediately the Society Board Secretary has issued a notice convening the Delegates Meeting for which elections will be conducted, all aspiring candidates will send their written application to the Secretary of the nominating committee.

The applications should at the very least state the following:

- The position being sought by the candidate
- Short statement on his/her ability to make a difference in the Society if elected
- Short biography and work experience where applicable.
- Signature of two referees who should be bonafide delegates of the Society and who shall be considered as proposer and seconder.

- ii) All applications should reach the Chairman of the nominating committee not later than one week after the notification of the Nominating Committee.

d) Debarment by Nominating Committee:

- i) Candidates who fail to meet any of the eligibility criteria set will be barred from contesting for any vacant position in the Society until the next Annual Delegates meeting where election will be in the agenda.

- ii) Eligibility will also be based on the requirements that an applicant:

- 1) Pays his taxes
- 2) Has not abused public office
- 3) Has no criminal record
- 4) Has not defaulted on loans
- 5) Has not conducted himself in an unprofessional manner
- 6) Is medically proven to be mentally stable
- 7) Knowledge and experience
- 8) Reputation and character

9) Is not a beneficiary of international money laundering, drug trafficking or subversive activities financiers.

- iii) Candidates may appeal the decision of the nominating committee. This should be done in writing to the Board Chairman within 48 hours after receiving communication for the nominating committee.
- iv) If the nominating committee sustains the debarment of the candidate yet not satisfied by the ruling they shall be advised to seek nomination by petition.

e) Nomination by Petition.

Any qualified member who wishes to be a candidate for the SACCO's Board of Directors or Supervisory Committee, and who meets the Society's candidate eligibility requirements must collect the names of half the elected delegates of the SACCO and submit a petition to the Nominating Committee within seven days of notification.

f) Nominations from the Floor

Nominations will not be accepted from the floor at the Annual Delegates Meeting, unless there are no candidates for a position.

g) Retention of Ballots

After completion of the election, the ballots will be retained for a minimum of one (1) year. Custody of the ballots cast will be kept in a sealed box and kept in the society's strong room.

PART EIGHT- BOARD OF DIRECTORS AND COMMITTEES

56. COMPOSITION AND MEETINGS

- a) The Board of Directors shall be elected by and from the delegates and shall comprise a minimum of five (5) and a maximum of nine (9) members including the Chairman.
- b) The Executive Board shall include the Chairman, Vice Chairman, Treasurer and Honorary Secretary, all of whom shall be elected from the members of the Board.
- c) The Chief Executive Officer or his/her appointee shall be an ex-officio member of the Board of Directors and any Board Committee of the Society.
- d) The Board may appoint ad hoc committees with specific terms of reference and time frames to address specific issues and such committees shall be entitled to allowances at the prevailing rate.
- e) The Board of Directors shall meet not more than twelve times in a financial year and not more than two months shall lapse between the date of one meeting and the date of the next meeting.
- f) The Board of Directors shall deliberate and be informed about the condition of the Society in order to provide oversight guidance and policy direction to the management.
- g) A member of the Board who fails to attend three consecutive meetings, without reasons acceptable to the Board, may be suspended.

- h) The Quorum shall be five (5) members. In case the Chairman and the Vice Chairman are absent, a chairman for the meeting shall be elected among those present.
- i) In case of equal votes in the Board the Chairman shall have a casting vote.

57.CONDUCT OF BUSINESS

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

58. ELECTION OF BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE

- a) No member shall be eligible to be elected as a Board member *or Supervisory Committee member* unless he has been an active member of the Society for at least 6 months.
- b) Members of the Board of Directors *shall* be elected from among the delegates of *Kericho and Bomet County* for a term of three (3) years and may be eligible for re-election.
- c) *The Board of Directors of the society shall be elected for a term of three (3) years subject to one third (1/3rd) retiring annually, except for the Chairman and the Vice-Chairman who shall retire at the end of the third year. The retiring members shall, however be eligible for re-election.*
- d) *Every member shall be eligible to be elected as a delegate to represent members of their respective electoral zone.*
- e) No member shall be eligible to be elected into the Board *or Supervisory Committee* if he/she: -
 - i. Is not a member and an elected Delegate of the Society;
 - ii. Is under 21 years of age;
 - iii. Has not attained Form Four level of education or its recognized equivalent;
 - iv. Receives any remuneration, salary or other payment from the Society;
 - v. Is a Board member in another salary based SACCO Society;
 - vi. Is a member of a Society with similar objectives as Ndege Chai SACCO,
 - vii. lends money on his own account;
 - viii. Is an un-discharged bankrupt;
 - ix. Is of unsound mind;
 - x. Has been adversely named by the Commissioner or the Authority in an inquiry report adopted by a Delegates Meeting for mismanagement or corrupt practices while a member of the Board of Directors;
 - xi. Has been convicted of any offence involving dishonesty or is sentenced to imprisonment for a term exceeding three months;
 - xii. Has been convicted of any offence under the Act or Rules;
 - xiii. Is a person against whom any amount of money is due under a decree, decision or order or is pending recovery under the Act;
 - xiv. Is an employee or has been an employee of Ndege Chai Sacco three years preceding the date on which he or she may be elected as a director of the Ndege Chai Sacco Society or her spouse, parent or child.

- xv. Is a member of an existing Board of Directors and, becomes delinquent and does not make good the default within a period of 30 days.
 - xvi. Has not attained shares and deposits above Kshs.750,000/= for members in the management level, Kshs.300,000/- for members in the middle scale category and those in the category of Business entrepreneurs and out growers, and Kshs.100,000/- for members in the lower category of employment.
 - xvii. Does not conform to minimum qualification standards established by the Board from time to time.
- f) The elected Board member shall be required to undergo a ‘fit and proper’ test with the Authority and to declare his wealth and provide indemnity within two weeks of his election.
- g) The elected Board members shall comply with the Board Charter which shall define roles and functions of the board, conduct, qualifications and experience of members of the board and Board committees.

59. FUNCTIONS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors shall be the governing authority and subject to any directions from the Delegates Meeting, it shall direct the affairs for the Society. Its procedures, powers and duties shall be as prescribed in the Cooperative Act, Rules and the Board Charter and in particular, it shall:

- i. Observe in all its activities the Cooperative Act, SACCO Act, Rules, Regulations and these By-laws.
- ii. Generally direct and monitor the affairs of the Society.
- iii. Admit new members into the Society.
- iv. Establish appropriate policies including but not limited to human resource policy, credit policy, investment policy, savings policy, liquidity policy, pricing policy, information preservation policy, dividend policy and risk management policy, Membership policy, Procurement policy and Board Charter.
- v. Ensure that true and accurate records and accounts are kept of the Society’s money, and its properties, capital reserves, liabilities, income and expenses.
- vi. Decide the amount and kind of surety, bond or other security, which shall be required of the Chief Executive Officer and any other officer or employee having the custody of, or handling funds or property of the Society.
- vii. Cause Annual returns to be filed with the Commissioner and the Authority.
- viii. Cause monthly returns for remittances and other statutory returns to be submitted to Commissioner and the Authority.
- ix. Cause to be prepared estimates of the Society’s income and expenditure including recurrent and capital estimates for approval by the Delegates Meeting at least three (3) months before the end of the preceding financial year.
- x. Cause to be kept proper books of accounts prepared in accordance with International Financial Reporting Standards.
- xi. Display audited accounts in a conspicuous place at the registered office and branches at least two (2) weeks before presentation of the accounts to members at the Delegates Meeting.
- xii. Ensure that the Society makes adequate provisions for known and probable losses likely to occur as required by the regulations.

- xiii. Ensure that the Society maintains a positive image within the industry and the economy as a whole.
- xiv. Draft or cause to be drafted the Internal Regulations which shall include all matters which have not been taken care of in these By-laws to ensure smooth functioning of the Society.
- xv. Approve interest on members' loans and deposits and other tariffs from time to time.
- xvi. Lay before the Annual Delegates Meeting a Balance Sheet and Final Accounts and Budget for the following year.
- xvii. Recommend to the Annual Delegates Meeting the dividend and Interest rates to be paid on Shares and deposits respectively.
- xviii. Fill vacancies occurring in the Board and Board committees.
- xix. Determine the Society Electoral Zones, Area Service Centers and Branches
- xx. Authorize investments of the Society and make capital expenditure.
- xxi. Authorize the conveyance of property of the Society.
- xxii. Authorize borrowing and lending operations of the Society in accordance with the Cooperative Act, SACCO Act, Rules and Regulations.
- xxiii. Designate a Depository, or Depositories, for the Funds of the Society.
- xxiv. Submitting Proposals to the Delegates Meetings and provide information necessary to enable the delegates deliberate and take appropriate actions.
- xxv. Disclose to members in the Annual Account report of benefits accorded to Board of Directors and staff of the Society.
- xxvi. Employ, terminate and fix compensation of staff in accordance with terms and conditions of service of the Society.
- xxvii. Impose fines on errant members.
- xxviii. Approve transfer of shares between members.
- xxix. Review monthly delinquency reports and supervise the collection of loans to members and authorize the write-offs of uncollectible accounts.
- xxx. Where appropriate, affiliate and maintain liaison with the National and International Apex Organization.
- xxxii. Elect the delegates to represent the Society in a National Co-operative Organizations or International Co-operative Organization other Apex Society of which this Society is a member.
- xxxiii. Perform such other duties as are necessary to preserve the sound management of the Society.
- xxxiiii. Perform or authorize any action consistent with the Cooperative Act, SACCO Act, Rules and these By-laws, unless specifically reserved for the Delegates Meeting.

Provided, the Boards sole official connection to the operational organization, its achievements and conduct shall be through the Chief Executive Officer. The Chief Executive Officer shall only be by officially passed decisions of the Board. Individual Board member requests that are outside of a Board meeting shall not be considered as binding.

All authority and accountability of staff, as far as the Board is concerned, shall be considered the authority and accountability of the Chief Executive Officer.

60. LEGAL STANDARDS OF CARE, INDEMNITY AND DECLARATION OF WEALTH

- a) In the conduct of the affairs of the Society, the members of the Board of Directors 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 which are contrary to the Cooperative Act, SACCO Act, Rules, Regulations, these By-laws or the directions of any Delegates Meeting of the Society or any other applicable law.
- b) In pursuance to section 27(b) of the Cooperative Act, every Board member shall file an indemnity of 0.2 percent of the Society's total assets within fourteen (14) days of his election.
- c) Every Board member and other officers of the Society shall within thirty (30) days of being appointed, declare their wealth to the Commissioner.

61. CODE OF CONDUCT

- a) Every officer of the Society shall comply with governance rules.
- b) The Society shall prepare a Code of Conduct as set out in the Rules, Regulations and best practices.
- c) Any officer who violates the Society's Code of Conduct commits an offence and the Board shall *take the necessary action in line with the provisions of the Regulations.*

62. 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/herself from the discussion unless it is determined that the individual has relevant information to provide. Failure to divulge this information may result in removal from office or termination of employment.

63. CONFIDENTIALITY BY OFFICERS OF THE SOCIETY

- a) The Executive officer, members of the Board of Directors and employees of the Society shall hold in the strictest confidence all transactions of the Society, with its members, and all information respecting their personal affairs, except to the extent deemed necessary by the Board of Directors in connection with the loans and the collection thereof.
- 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.

64. DELEGATION OF DUTIES

- a) The Board of Directors may delegate in writing to an officer, Board committee or employee of the Society such of its duties.
- b) Nothing in (a) above shall absolve the Board of Directors from its responsibility of running the affairs of the Society in proper and businesslike manner. The Board of Directors must ensure full control.

65. RECORDS OF BOARD OF DIRECTORS MEETINGS

- a) All business discussed or decided at Board of Directors meetings shall be recorded in 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 above signatures and not as alterations to the original record, the meeting shall authorize the chairman to sign and date the final record.

66. BOARD COMMITTEES

- a) The Board of Directors may delegate to the Board Committees such of its powers and duties under these By-laws, as it deems fit and proper, provided that the Board remains responsible. The Board Committees shall consist of persons drawn from among its members.
- b) The Board of Directors may appoint Committees as it may deem reasonably necessary. The Committees shall consist of persons drawn from among its members.
- c) The Quorum of the Board Committee meetings shall be one-half of the members of the Board Committee, provided that out of necessity the Management staff who attends the Board committee meetings may be considered for purposes of attaining a quorum.
- d) The Chief Executive Officer shall sit in all Board and Board committee meetings together with other Management staff as may be appointed to facilitate effective deliberations.
- e) The Board Committees shall perform such other duties as may be specified in the Board Charter.

67. VACATION OF THE OFFICE BY BOARD MEMBER

- i) A member of the Board of Directors or any other Board committee shall cease to hold office if he:
 - a) Ceases to be a member of the Society.
 - b) Becomes ineligible for any other reason(s)
- ii) All Board members shall automatically lose their seats in the next Annual Delegates Meeting of the Society if they fail to cause the accounts of the Society in respect of the Society`s business for the previous year to be audited within four (4) months of the close of the financial year.

68. REMOVAL FROM OFFICE

- a) The Board of Directors may by majority vote remove any Board member who violates the Act or Rules made there under, these by-laws or for any other good or sufficient cause. No person may be removed by this by-law until the person has been informed by writing of the reason for his proposed removal and has been given the opportunity to appear before the board of directors to rebut the allegations made against him.
- b) The Board of Directors shall by a majority vote of the board members then holding office appoint a member of the SACCO to fill the vacancy occurring on the Board.

Appointments under this section shall be valid only until the next Delegates Meeting of the Society where, the members shall elect a Board member to serve for the balance of the unexpired term.

- c) Any Board member who proven beyond reasonable doubt is found to be spreading rumours meant to discredit the Society may be removed from office.
- d) If a member of the Board fails to attend three consecutive Meetings without acceptable reasons or otherwise fails to perform his duties in his position as a Board member, the Board of Directors may co-opt a delegate into the Board after his removal.
- e) Where a member of the Board is out of station for a period exceeding six months and is therefore unable to perform his duties, his position may be declared vacant and the Board may co-opt another delegate to fill the vacancy.
- f) A person elected into a Board of a Co-operative Union or Apex Society on the basis of his elected position shall cease to hold such a position at the apex body upon ceasing to be a Board member of the Society.

69. EXECUTIVE OFFICERS

- a) The Chairman, Vice-Chairman, Honorary Secretary and Treasurer shall be termed "Executive Officers".
- b) The Executive Officers shall be elected at a meeting of the Board within 7 days after each Annual Delegates Meeting, in accordance with these by-laws.
- c) The Executive Officers shall be elected at a meeting of the Board of Directors, in accordance with these By-laws.
- d) The Chairman of the Society shall also be Chairman of the Executive Committee.
- e) The Chief Executive Officer, and in his absence, the Acting Chief Executive Officer, shall be ex-officio members without voting rights.
- f) The Executive Committee shall continuously follow the operations of the Society and prepare matters to be brought up for decision in the Board of Directors.
- g) The basic responsibility of the Executive Committee is to act on behalf of the full Board of Directors between Board meetings and when the Board is not in session. The Committee members shall exercise their business judgment to act in what they reasonably believe to be in the best interests of the Society and its members.
- h) In discharging its obligation, members may rely on the honesty and integrity of the Society's senior executives and its outside advisors and auditors, to the fullest extent permitted by law.

70. CHAIRMAN AND VICE-CHAIRMAN

- a) The Chairman shall preside at all Meetings of the Delegates, and at Meetings of the Board of Directors. He shall perform such other duties as the Board of Directors, not inconsistent with the provisions of the Act, Rules and these By-laws, may direct him.
- b) The Vice- Chairman shall perform the duties of the Chairman during his absence, and shall perform such other duties as the Board of Directors may direct him to.

71. TREASURER

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

- a) Generally to manage or cause to be managed the financial affairs of the Society in a competent and efficient manner.
- b) Cause to be maintained full and complete records of all assets, liabilities, income and expenses of the Society.
- c) Ensure the safekeeping of the Society's money, securities and Books of Accounts.
- d) Ensure that all payments and expenditures are duly authorized.
- e) Ensure compliance with all directives of the Board.

Provided that within 15 days after the close of each month, the treasurer shall cause the preparation and submission to the Board of Directors financial statements showing the position of the Society at the end of each such month.

72. HONORARY SECRETARY

The duties of the Honorary Secretary are to:-

- a) Ensure the proper record of minutes of the Board of Directors meetings and General Meetings
- b) Ensure the communication of notices of meetings.
- c) Display the audited accounts in a conspicuous place at the head office Area Service Centers and branches at least two weeks before presentation to the members in the Delegates Meeting.
- d) Perform such other duties as may from time to time be assigned by the Board of Directors.

73. CREDIT COMMITTEE

- a) The Credit Committee shall consist of three members who shall be members of the Board of Directors but none of who shall be Executive Board of Directors. The Credit Committee shall be chosen at a meeting of the Board of Directors within seven days after elections.
- b) The Credit Committee shall hold such meetings as the business of the Society may reasonably require, but not less frequently than once a month.
- c) The Credit Committee shall keep records of its actions and shall report to the Board of Directors
- d) The duties and responsibilities of the Credit Committee shall be as prescribed in the Board of Directors Charter.

74. EDUCATION COMMITTEE

- a) The Education Committee shall consist of three members who shall be members of the Board of Directors.
- b) The Vice chairman shall be the chairman of the Education committee .The committee shall elect its Secretary and member.
- c) The duties and responsibilities of the Education Committee shall be as prescribed in the Board of Directors Charter

75. AUDIT COMMITTEE

- a) The Audit 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. The Committee shall meet regularly or at least once in every three months.

- b) The Audit Committee shall consist of three directors with the Chief Executive Officer and Internal Audit Manager as ex-officio members. The Internal Auditor shall be the Secretary to the committee.
- c) One of the Board members, at the least shall be conversant with financial and accounting matters. The chairman of the Board of Directors shall not be a member of the Audit committee.
- d) The Audit Committee shall report to the Board of directors on measures taken to implement recommendations and corrections of findings reported.
- e) The duties and responsibilities of the Audit Committee shall be as prescribed in the Board Charter.

76. 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 Delegates Meeting, to which it shall report.
- b) The Supervisory committee shall be elected 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. Be Kericho and Bomet County delegates
 - iii. Shall have at least three years experience in audit, accounting or general management
- c) The term of the committee members will initially be three (3) years with one third (1/3) of them retiring yearly on rotational basis.
- d) A member of the Board of Directors shall not be eligible for election into the Supervisory Committee, unless one term of one year elapses from his ceasing to be a member of the Board of Directors.
- e) The minimum qualification standards and duties and responsibilities of the Supervisory committee shall be as prescribed in the Board Charter.
- f) The Supervisory Committee members shall choose among their number a Chairman, Secretary and a member.
- g) Without intervening in the administrative functions subject to its control and supervision, the Supervisory committee shall be responsible for SACCO compliance and internal Control and oversight.
- h) Supervisory Committee shall not perform the duties or exercise any of the powers of the Board of Directors of the Society.

77. SOCIETY EMPLOYEES

- a) The Board of Directors shall have powers to appoint paid employee(s) to carry out such duties as may be required by the Board of Directors in accordance with the terms and conditions of employment.
- b) All appointments shall be done in a transparent manner and in line with the Human Resource Policy.
- c) The Board of Directors may require all employees of the Society to provide such indemnity as and when deemed necessary.

PART NINE SACCO SOCIETY CHIEF EXECUTIVE OFFICER

78. CHIEF EXECUTIVE OFFICER

The Society shall have a qualified Chief Executive Officer and Secretary to the Board of Directors. The Chief Executive Officer shall be responsible to the Board of Directors for the operation and administration of the Society on a day-to-day basis while paying attention to:-

- a) The implementation and adherence to the policies, procedures and standards.
- b) Systems that have been established to facilitate efficient operations and communication.
- c) The planning process that has been developed to facilitate achievement of targets and objectives.
- d) All staff matters, particularly human resource development and training.
- e) Adherence to the established code of conduct
- f) The Act, these regulations, rules, bylaws and any other applicable laws.

79. DUTIES AND RESPONSIBILITIES OF CHIEF EXECUTIVE OFFICER

The powers and duties of the Chief Executive Officer shall be assigned by the Board of Directors and in particular to: -

- a) Manage the affairs of the Society in a competent manner.
- b) Attend Board of Directors meetings and the Annual Delegates Meetings in an advisory capacity but have no voting rights
- c) Advise the Board of Directors and other Committees in framing the policies and programmes of the Society and implement these after approval.
- d) Supervise the work of all staff and ensure that the business of the Society is conducted in a proper manner.
- e) Ensure that proper books of accounts, records and returns are kept and that regular financial statistical and operational information is prepared and submitted to the Board of Directors and other Board Committees as also to the Ministry in charge of Co-operative Development.
- f) Be responsible for the security of the funds and assets of the Society.
- g) Ensure that all statutory deductions are correctly calculated and that all amounts due and the necessary returns are submitted by the due date.
- h) Prepare and Analyze on a quarterly basis the Society's Business Plan and Budget.
- i) Represent the Society in business transactions and any other transaction authorized by the Board of Directors.
- j) Provide information required by the Supervisory Committee in time.
- k) Propose to the Board of Directors of new positions arising at the Society, and the revision of the Salary Schedule for all the Society's Staff.
- l) Implement recommendations set forth in the Audit Reports and those issued by the Supervisory Committee.
- m) Ensure on a monthly basis the Accounting records are in Balance and the individual Accounts subsidiaries are up to date and the Income Statement, Balance Sheets, and delinquency lists are complete and correct.
- n) Ensure that the Account records are maintained in accordance with internationally accepted Accounting standards.

- o) Ensure that adequate Insurance is in place if available for all employees, officials and property of the Society.
- p) Direct and supervise the administration and processing of loan applications.
- q) Establish a Pricing Strategy for Products and Services.
- r) Assist the Board of Directors with determining acceptable types of collateral that can be used to secure the SACCO's Loans.
- s) Ensure there is adequate liquidity to meet Loan Demands, Savings Withdrawal, and Operating Expenses.
- t) Ensure enforcement of the Human Resource Policy and drawing up and updating of job descriptions of each employee.
- u) Ensure that the Board of Directors are frequently and adequately appraised about the operations of the Society through presentation of relevant Board papers as provided for in the Board charter, Regulations and as the Board may decide from time to time.
- v) Authority to sign documents of the Society
- w) Ensure implementation of the SACCO Policies and Procedures
- x) Ensure implementation without delay of all decisions of all Committees of the Society and the Delegates Meeting.

PART TEN POLICIES AND PROCEDURES FOR THE SOCIETY

80. GUIDING PRINCIPLES

- a) The Board shall lay down and regularly review policies and procedures for savings, credit and other services to ensure that they are always in conformity with financial regulations and the interest of the members.
- b) The Board of Directors shall establish appropriate policies and procedures including but not limited to Accounting and Finance Manual, FOSA Operations Manual, Micro credit Policies and Procedures, Human Resource Policy, Credit Policy and Procedures Manual, Investment Policy, Savings Policy, Asset Liability Management, Liquidity Policy, Information Preservation Policy, Capitalization, Reserves and Dividends policy, Risk Management and Internal Control Policy, Board Charter and Code of Conduct Policy, Training Policy, Disaster Preparedness and Business Continuity Plan, Marketing Plan, Procurement policy, ICT Policy and ATM Procedures-SACCO Link and Pesa Point, Branch expansion policy, and Product and Process Innovation Policy.

PART ELEVEN ACCOUNTS AND RECORDS

81. BOOKS AND RECORDS

The Society shall keep up-to-date and in a proper business-like manner such Books and records as the 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 for membership, address and occupation.
 - ii. The date on which he ceased to be a member.
 - iii. Particulars of his nominee if any.
- b) Minute Book giving details of proceedings of the Board and Supervisory Committee.

- c) A Minute Book giving details of proceedings at the Delegates Meeting.
- d) A Cash Book giving details of all monies received and all monies spent or paid out by the Society.
- e) A ledger containing such accounts as are necessary to properly records the transactions of the business of the Society.
- f) A personal ledger for each member showing his transactions with the Society.
- g) A stock control ledger.
- h) A Register of Charges showing in respect of every charge created by the Society the amount of the charge and the person entitled thereto.
- i) A Register of Loans to Members showing in respect of each Loan the Name of the Borrower, the Amount borrowed, and the Purpose of the Loan, the Due Date of Repaying, and the Date the Repayment is made.
- j) Such Other Books and records as the Board of Directors may decide or the Commissioner or Authority may prescribe.

82. PAYMENTS OF OFFICERS AND MEMBERS OF SOCIETY

Executive officers or Board members shall not receive from the Society any payment, except for sitting , travelling ,subsistence or other allowances as may be prescribed while working on the Society`s business or an honoraria from the net surplus as allowed by these by-laws or any other legal payment as determined by delegates at a Delegates Meeting of the Society.

83. AUDIT

- a) The Society shall forward to the Authority, for approval, three proposed names of external auditors, 30 days prior to the Annual Delegates Meeting that will select one auditor to audit its books. The proposed names shall comply with Rule 16 (2) under the Co-operative Act.
- b) 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.
- c) The Auditor shall present the audited accounts of the Society to the members at a Delegates Meeting only after the accounts have previously been submitted to the Commissioner and the Authority in such form as prescribed.
- d) The Society shall pay such audit fees as the Delegates Meeting may authorise the Board of Directors to set from time to time and supervision fees and in accordance with the Act, Rules and Regulations.

84. DEPOSIT GUARANTEE FUND

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

85. FINANCIAL YEAR

The Financial Year of the Society shall be the same as the Calendar Year (from 1st January to 31st December).

PART TWELVE SIGNATORIES FOR THE SOCIETY

86. AUTHORIZATION TO SIGN DOCUMENTS

- a) The Chairman, Vice-Chairman, Hon. Secretary, Treasurer, Chief Executive Officer, Finance Manager or such other signatories as may be authorized by the Board of the Society. The Internal Regulations shall detail which signatories are necessary for particular operations.
- b) The documents of the Society shall be deemed official where they carry the official stamp and designated signatories referred to above.

87. COMMON SEAL

- a) The Society may adopt and use a Common Seal bearing the words “**Ndege Chai SACCO Society Limited**” and shall be kept securely under lock and key by the Chief Executive Officer or duly designated officer for that purpose and shall be used only by, and in the presence of the officers authorized to sign documents on behalf of the Society.
- b) A Register of all sealed documents shall be maintained by the Society.

PART THIRTEEN MISCELLANEOUS

88. INQUIRIES AND INSPECTION

- a) The Commissioner or Authority may carry out inquiries and inspections into the affairs of the Society in accordance with the SACCO Act and the Regulations.
- b) All Books of Accounts and other records shall at all times be available to the members and the Board of the Society. A copy of the Cooperative Act, SACCO Act, Rules, Regulations, Registration Certificates, these By-laws and a list of its members excluding details of nominees and share holdings of loans shall be available for inspection by any person free of charge at all reasonable times during business hours.
- c) Creditors may inspect the register of charges without fee.

89. DISSOLUTION

- a) The Society may be dissolved in accordance with the procedures set forth in the Cooperative Act, SACCO Act, Rules and the Regulations.
- 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 or deficit thereafter shall be apportioned to each member in proportion to the value of each member's shares at the date of liquidation.

90. DISPUTES

Any disputes arising out of these By-laws or concerning the business of the Society that cannot be settled by the Board of Directors or Delegates meeting shall be referred to the Co-operative Tribunal.

91. DEBT

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

- b) The Society may request the commissioner to intervene in case the employers fail to remit deductions from members salary on expiry of seven days from the date of such deductions

92. AMALGAMATION

The Society may be amalgamated with any other Society in accordance with the provisions of the Co-operative Act.

93. AMENDMENT OF BY-LAWS

These By-laws may be amended in accordance with the procedures set forth in the Act, Rules and these By-laws, provided no amendment shall become effective until it is approved by the Delegates Meeting and registered by the Commissioner.

94. ACQUISITION OF BY-LAWS

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 as may be prescribed in the Membership Policy. 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.

95. ACCEPTANCE

We the undersigned officers of the SACCO Society named herein do hereby accept and adopt these By-laws for and on behalf of Ndege Chai Savings and Credit Co-operative Society Limited together with any changes or alterations that have been endorsed by the delegates or signed by us.

NAME

SIGNATURE

Chairman _____

Vice Chairman _____

Treasurer _____

Hon. Secretary _____

Chief Executive Officer _____

Certified that the foregoing by-laws of the Ndege Chai Savings and Credit Co-operative Society Limited have been approved by me and duly registered

GIVEN UNDER MY HAND AT NAIROBI

THIS _____ **DAY OF** _____

COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT