

BY-LAWS
OF
EGERTON UNIVERSITY DT SAVINGS AND
CREDIT CO-OPERATIVE SOCIETY LIMITED

CS/NO. 2314

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**BY-LAWS OF EGERTON UNIVERSITY SAVINGS AND CREDIT CO-OPERATIVE
SOCIETY LIMITED**

1. NAME AND AREA OF OPERATION

The Society shall be called **EGERTON UNIVERSITY DT SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED**, hereinafter referred to, as “the Society” and its area of operation shall be in **the Republic of Kenya** and any other place that the Kenyan law may allow.

2. REGISTERED OFFICE AND POSTAL ADDRESS

- i.** The registered office of the Society shall be situated at Egerton University Sacco Plaza, and its Postal Address shall be **P.O. Box 178-20115, Egerton.**
- ii.** Any change of address of the Society shall be furnished to the Commissioner for Co-operative Development, (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 SACCO OFFICE/BRANCH

The Sacco 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) In these by-laws, unless the context otherwise suggests words or phrases shall be interpreted in accordance with the Co-operative Societies Act Cap 490 Laws of Kenya and the Rules made there under herein after referred to as the “Co-operative Act” and “Rules” respectively.
- (b) In these by-laws where the masculine gender is referred to, it will be construed to include the feminine gender.
- (c) In these by-laws save as otherwise expressly stated:

‘AGM’ means an annual general meeting held once every calendar year and shall be the Annual Delegates Meeting of the Society;

- ‘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.
- ‘Area Service Centre’** means an approved place with designated officials from where members of one or several electoral zones may access loans and other authorized services;
- ‘Authority’** means the Sacco Societies Regulatory Authority (SASRA) established under section 4 of the Sacco Societies Act;
- ‘Board of Directors’** or **‘Board’** means persons elected in a duly convened general meeting to govern the business of the society as per these By-Laws herein to as the board.
- ‘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;
- ‘Branch Delegates Meeting’** means meeting of delegates of that particular branch.
- ‘Branch Official’** means elected delegate who shall either serve as the Chairman, Vice-Chairman, Treasurer , Secretary or member of a designated electoral region for defined administrative purposes;
- ‘Capital’** means the permanent members equity in the form of common stock and includes all disclosed reserves, retained earnings, grants or donations.
- ‘Commissioner’** means the Commissioner for Co-operative Development and Marketing appointed under section 3 of the Act and includes any person on whom any of the powers of the Commissioner have been conferred in accordance with the Act.
- ‘Common Bond’** shall mean any unifying factors that bring the members together. In this context, it shall include individuals or organizations approved by a General Meeting;
- ‘Co-operative Act’** refers to the Co-operative Societies Act, Chapter 490 of the Laws of Kenya;

- ‘Delegate’** means members’ representative elected in accordance with these By-laws;
- ‘Delegates meeting’** shall be read as **‘Delegates Meeting’** and Annual Delegates Meeting shall read as **‘Annual Delegate Meetings’**.
- ‘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 circumstance agreed by or on behalf of the person making the Society to receive it at a risk of the Society receiving it.
- ‘Dividends’** means the share of the Society’s surplus allocated to members or an amount of the profit the Society pays to its shareholders;
- ‘DT’** means Deposit Taking;
- ‘Electoral Zone’** means a cluster of members in a certain location eligible for representation by a delegate in accordance with these By-laws;
- ‘General Meeting’** means Annual General Meeting or Special General Meeting of the Society and shall be the Annual Delegates Meeting or Special Delegates Meeting of the Society;
- ‘Head Office’** means the registered office of the Society;
- ‘Investment’** means the acquisition by own or borrowed funds of long term assets, intended for promotion of the economic interest of the Co-operative member;
- ‘Management’** refers to person(s) who are appointed to positions of responsibility and are in charge of the day-to-day running of the Society;
- ‘Member’** means a person admitted to the membership in accordance with these By-laws and the Society’s Membership Policy;
- ‘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.

- ‘Members of the immediate family’** when used in these By-laws, includes, but is not limited to a spouse or other family members living in the same household or under the direct influence of the officer, member or employee.
- ‘Minors’** shall mean persons who are below 18 years of age but who benefit from some of the products and services of the Society.
- ‘NACOS’** means National Cooperative Organizations;
- ‘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 interest to be paid on shares and deposits respectively.
- ‘Nominee’** means a person who is/are nominated by a member to inherit the shares and other interests like dividends, bonus etc when a member dies.
- ‘Officer’** means a Director or any other person holding a designated title, 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;
- ‘Original member’** means the promoters of the Society, that is the members who were present at the time of registration of the Society;
- ‘Regulations’** means the Regulations made by the Minister in charge of Co-operative Development and Marketing and includes the SACCO Regulations, 2010 and subsequent amendments.
- ‘Rules’** mean the Rules made by the Minister in charge of Co-operative Development and Marketing and include the Co-operative Societies Rules, 2004 and subsequent amendments.
- ‘Sacco Act’** means the Sacco Societies Act, No. 14 of 2008;
- ‘SACCO’** means Savings and Credit Co-operative Society.
- ‘Share’** means the amount represented by a member’s portion in the equity of a Society as a co-owner.
- ‘Special General Meeting’** means any general meeting of the Society which is not an Annual General Meeting;

- ‘Special Resolution’** means a resolution passed by two thirds of the members present and voting at a General Meeting of the Society.
- ‘Supervisory Board’** or **‘Supervisory Board’** means an oversight board elected at a general meeting and in accordance with these By-laws;
- ‘The Society’** means “Egerton University Co-operative Savings and Credit Society Limited”.
- ‘Tribunal’** means the Co-operative Tribunal established under section 77 of the Act.

- (d) 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 Commissioner, whose decision thereon shall be final.

5. CO-OPERATIVE PRINCIPLES AND VALUES

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

a) PRINCIPLES

i. Voluntary and open membership

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

ii. Democratic member control

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

iii. Economic participation by member

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

iv. Autonomy and independence

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

v. Education, training and information

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

vi. Co-operation among co-operatives

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

vii. Concern for community in General

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

b) CO-OPERATIVE VALUES

The Society's activities will be guided by the following six (6) Core Values:-

- i. **Honesty** - Moral character such as integrity, truthfulness, straight-forwardness, no cheating, lying or theft.
- ii. **Transparency** – Openness, Communication and accountability
- iii. **Responsiveness** – Quick response to issues at hand
- iv. **Fairness** – Equal treatment
- v. **Team work** – Ability to work together as a team
- vi. **Customer Focus and Professionalism**

6. OBJECTIVES

6.1. The objects of the Society 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 reasonable interest rates;
- 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 complementary savings and credit services and other financial products and services to the members in response to their needs and preferences;
- f) ensure safety and soundness of the members' funds through appropriate insurance or risk management programmes;
- g) ensure the progress of its members by educating them continuously on the proper use of financial products and services;

- h) provide suitable office facilities for the conduct of the Society business at the head office and branches through construction or renting of the premises;
- i) purchase, take on lease or in exchange, hire or otherwise acquire any movable or immovable property of any kind of any interest therein any rights or privileges which the Board of the Sacco Society may think necessary and where appropriate with the approval of the General Meeting,
- j) acquire and undertake the whole or any part of business, assets and liabilities of any person or organization carrying on or proposing to carry on any business which the Society is authorized to carry on or which can be carried on in conjunction with any business of the Society;
- k) amalgamate, acquire, enter into partnership or into any arrangement for sharing of profits, union of interests, co-operation, joint venture, reciprocal concession, with any person or Society carrying on or engaged in or about to carry on or engage in the business or transaction which the Society is authorized to carry or engage in or can be carried on in conjunction with any business of the Society or which is capable of being conducted so as to benefit the Society, either directly or indirectly;
- l) borrow money or receive money on deposit either with or without security or secured by debentures, mortgages or other security charged on the undertaking or on any of the assets of the Society;
- m) promote members' socio-economic status in collaboration with the relevant National and County Government, departments, private agencies and the stakeholders;
- n) promote sound corporate governance, prudential and international accounting standards in line with the Sacco Regulations;
- o) co-operate with other co-operatives and affiliate to apex and national cooperative organizations, local organizations and any other such apex, national or international organizations and development partners in order to promote members' interest; and
- p) perform the functions and exercise the power designated for savings and credit cooperative societies under the applicable law for the benefit of the members.

6.2 For effective discharge of its functions under these By-laws, the Society may do all acts as may be permissible under the Constitution, Co-operative Societies Act, the Sacco

Societies Act or any other relevant written laws. Provided that attention shall be paid to matters that require the approval of the General Meeting or the Board of Directors.

7. MEMBERSHIP

Membership shall consist of:-

- i. The original members who signed the application for registration, provided that they comply with the provisions of these By-laws.
- ii. Such persons, institutions and groups that may be admitted into the membership of the Society upon fulfilling such conditions as prescribed in these By-laws and the Membership Policy.

7.1 Membership Qualifications / Eligibility

- i. An eligible person may be admitted into the membership of the Society if he or she possesses 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 or trade or any other legitimate source;and
 - g) Has accepted the objectives of the Society, the obligations of members and other conditions as stated in these By-laws and Membership Policy.
- ii. Provided that no member shall belong to more than one Sacco Society serving similar purpose.

7.2 Membership Application Form

Every applicant for membership shall complete an “*Application for Membership*” form.

7.3 Membership Admission

- a) An applicant admitted into membership of the Society, shall not qualify for the rights and privileges of membership until he or she has paid the prescribed entrance fee and such minimum shares and deposits as may be provided for in the Membership Policy.
- b) The names and other identification details of the admitted member shall be entered into a Members' Register.

7.4 Membership Number

A membership number shall be assigned to each member as a means of identification with the Society as may be prescribed in the Membership Policy. A member shall be assigned one number only as per Sacco Membership Policy.

7.5 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 General Meeting through an existing member. The decision of the General Meeting in the matter shall be final.
- b) Any such appeal must be supported by a simple majority in attendance at the General Meeting.

7.6 Membership Rights

(1) Subject to these By-laws, policies, standards, values and procedures, a member shall have the right to use the Society's services and exercise the rights established under the Co-operative Societies Act and these By-laws.

(2) Without prejudice to the provisions of Sub-section (1), a member shall have the right to:-

- (a) be facilitated to receive, periodically and regularly, or upon request, and at least once a year, a statement of accounts containing the individualised record of his or her credit and debit transactions;
- (b) attend and participate in elections within the electoral zone whereby each member shall have one vote irrespective of his/her total shareholding;
- (c) elect a delegate to represent him or her in the General Meetings;

- (d) elect or be elected as an officer of the Society, unless otherwise prohibited by any other law or these By-laws;
- (e) patronize the Society's services according to the policies and procedures;
- (f) submit projects or initiatives to the Board for the improvement of the Society's services;
- (g) appoint a nominee;
- (h) participate in the sharing of the Society's surpluses;
- (i) access all legitimate information relating to the Society, including internal regulations, registers, minutes of the General Meetings, Supervisory Board reports, annual accounts and inventories, investigation reports, at the registered office of the Society, subject to the Society's policies and regulations in force at the time;
- (j) vote on all matters put before the electoral zone; and
- (k) enjoy such other rights as prescribed by the Co-operative Societies Act and the Rules.

(3) A member is entitled to the enjoyment of the rights stipulated under Sub-section (2) if such a member is in good standing with the Society and has attained the minimum prescribed shares and deposits.

7.7 Members Obligations

In accordance with the Co-operative Societies Act, a member of the Society is obliged to:--

- (a) be faithful and honest in all their dealings with the Society;
- (b) observe the law, rules, these By-laws and the code of conduct and ethics of the Society, when transacting any business with the Society;
- (c) refrain from engaging in the business of money lending in competition with the Society;
- (d) protect the image of the Society and avoid acts that can injure the reputation of the Society;
- (e) pay his or her debt obligations to the Society without fail and save regularly with the Society;
- (f) seek cooperative education to improve their awareness and enlightenment on cooperative matters;
- (g) attend meetings and education forums and take part in decision-making;
- (h) inform the Chief Executive Officer in writing of change of their electoral zone whenever they occur;
- (i) market the Society and encourage non-members to join the Society;

- (j) identify problems affecting the Society and suggest solutions;
- (k) participate in the Society's projects, both physically and financially;
- (l) make use of the services of the Society as stated in its objects; and
- (m) comply with these By-laws, the Co-operative Societies Act, the Sacco Societies Act, Rules, Regulations and resolutions of General Meetings.

7.8 Penalties

- a) Any member who willfully acts in violation of these By-laws, Policies or Regulations made thereunder shall be liable to a fine not exceeding Kshs. 20,000.00 (Twenty thousand shillings) 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 these By-laws.
- c) Any member aggrieved by the decision of Board of Directors may appeal to the General Meeting whose decision shall be final. Provided this provision should not prejudice a Member's right to refer the matter to the Tribunal, if the issue constitutes a dispute.

7.9 Appointment of Nominee(s)

- a) Every member shall nominate in writing by filling a nomination form one or more persons as nominee(s).
- b) The names of such nominee(s) shall be entered in the nominee register provided that a member shall have the right to change his/her nominee(s) in writing.
- c) Where more than one nominee is appointed, the amount of shares, deposits and other interest to be transferred to each nominee shall be specified at the time of nominating provided that where no amount is specified, each of the nominee shall receive an equal share.
- d) If there is no person so nominated by the deceased member, payments shall be made by the Society to the person legally appointed as administrator of the estate of the deceased.

7.10 Voluntary Withdrawal

- a) A member with no liability or outstanding obligations on their accounts and no outstanding collaterals or guarantees for other members' loans may at any time withdraw from membership without losing vested rights.
- b) The withdrawing member shall give a written notice of at least a sixty days, following which the Society shall refund the members' deposits after settling any outstanding liability the member may have with the Society.
- c) Payments arising out of withdrawal, termination or expulsion from membership shall be governed by the Membership Policy.
- d) A member who is withdrawing his or her membership from the Society shall pay to the Society a withdrawal fee from his or her deposits as may be prescribed in the Membership Policy.

7.11 Cessation 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) Being certified insane by a qualified medical practitioner;
- e) Being declared bankrupt by a court of law;
- f) Committing fraud or acts of dishonesty;
- g) Ceasing to hold the eligibility qualifications for membership as prescribed in these by-laws;
- h) Withdrawal of all deposits or transfer of all shares by the member;
- i) Failing to contribute monthly deposits for a continuous period of six (6) months without authority from the society.
- j) Acting contrary to the relevant provisions of the co-operative societies act, the Sacco Societies Act and these By-laws;

7.12 Suspension and Expulsion

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

- a) Fails to repay a loan without giving reasons acceptable to the Society.
- b) Fails to comply with the Society's By-laws, Policies and Regulations.
- c) Defaults in the repayment of loans due or part of loans or advances due for a period exceeding six months.
- d) Fails to save the regular monthly contribution. In this case one is deemed a regular saver when he/she saves at least 6 months consecutively in a financial year.
- e) Is found to have willfully furnished false information/particulars in his dealings with the Society.
- f) Acts in any way detrimental or prejudicial to the Society's interests.
- g) Is convicted in court 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 General Meeting and/or as may be contained in the Society's Code of Ethics.

7.13 Procedure of Suspension and Expulsion

- a) Upon formal and written proof that a member has committed a violation punishable by expulsion, the board shall serve a thirty (30) days written notice to the member stating the reason(s) for the proposed expulsion and requiring him/her to file a defense.
- b) Upon the expiry of the 30 days and taking into consideration the member's defense if any, the board shall initiate administrative inquiry and make a decision on its findings within 15 days. The Board may;
 - i. Suspend the member pending expulsion by the General Meeting or
 - ii. Impose any other punishment as may be in this By-Laws or as may be directed by the general meeting from time to time.
- c) The suspended member may appeal to the Supervisory Board if not satisfied with the decision of the Board.

- d) Where a suspended member does not prefer an appeal to the Supervisory Board, the Board shall present its finding to the next General meeting which may either lift the suspension or expel the member.
- e) The Supervisory Board shall determine the appeal and present their findings to the next General meeting which may either lift the suspension or expel the member.
- f) A member who is expelled from the Sacco society shall have the right to appeal to the tribunal.

7.14 Payments Resulting from Cessation of Membership

On cessation of membership, a person shall be paid the following less any outstanding obligations;-

- i. The book value of his/her deposit/savings.
- ii. Any dividends or interest due to him/her on the date membership ceased.
- iii. Any other funds other than shares held by the Society on his/her behalf.

7.15 Entrance Fee

A member shall pay an entrance fee as may be prescribed in the Membership Policy.

7.16 Shares

- a) Every member shall hold at least 1000 shares of Kshs.20/= each or as shall be fixed by the General Meeting. However, no member shall hold more than one-fifth of the total shares of the Sacco Society.
- b) With the approval of the board, a member may at any time transfer shares to another member but not to a non-member. Such transfers must be in writing and at nominal value.
- c) All transfers of shares shall be in a prescribed transfer form registered with the Society. No transfer shall be valid unless so registered.
- d) A fee as approved by the Board shall be payable by the transferee for each transfer.
- e) A share certificate shall be issued upon payment of Share Capital.

7.17 Deposits

- a) Deposits to the society made by a member through the Back Office Operations shall not be withdrawable in whole or in part unless on cessation of membership.
- b) Deposits made to the Society's Front Office Service operations shall be withdrawable according to the terms and conditions as provided by the Board.
- c) Minimum monthly deposit contribution may be reviewed and approved by the General Meeting from time to time.

7.18 Liability of Members

- a) The liability of a member shall be limited to the nominal value of the shares held by him/her.
- 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 member who has withdrawn and/or a deceased member shall be liable for the debts owed to the Society as they existed at the time of his death, unless otherwise covered under any other existing scheme in the Society.

8. SOCIETY'S FUNDS

The funds of the Society shall consist of—

- a) Entrance fees as shall be provided for in the Membership Policy;
- b) An unlimited number of shares as prescribed by these By-Laws and the Membership policy;
- c) Contributions from members or non-members;
- d) A reserve fund as required by the Co-operative Societies 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; and
- g) Funds obtained from other lawful miscellaneous sources.

8.1 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 General Meeting and guided by the Society's policies.

8.2 Powers to Borrow

- a) The Society may borrow from non-members, subject to the maximum amount determined by the General Meeting, and approved by the Commissioner
- b) For the necessary security of any loans accepted by the Society under paragraph 8.2(a), the Society may grant a charge over its assets.
- c) The rate of interest on loans shall not exceed the current market rate.

8.3 Receipting for Money

Money received on account of shares, deposits, loans, interests, fees, fines and any other funds shall be recorded and evidenced by an official receipt and or an electronic notification as provided in the Financial Policies and Procedures. All monies received shall be recorded in the relevant ledger accounts.

8.4 Reserves

- a) Subject to the provisions of the Co-operative Societies Act and approval of the Board, the Society shall set aside to the Reserve Fund a minimum of one-fifth of its net surplus resulting from the operations during the financial year.
- b) The Reserve Fund of the Society shall be invested or deposited in the manner provided for in the Co-operative Societies Act.

8.5 Disposal of Surplus

Subject to the Co-operative Societies Act, the Sacco Societies Act, the Rules and Regulations, and approval by the general meeting, the net surplus resulting from the operations of the Society during any financial year shall be disposed of as follows:-

- (a) At least one-fifth (20 per cent) of the net surplus shall be credited to the Reserve Fund;

- (b) The balance may be disposed of as the Board may decide and approved by the Annual General Meeting, including but not limited to:
- i. paying dividend on shares at a rate recommended by the Board of Directors and approved by the Annual General Meeting;
 - ii. paying an interest on deposits to members on record at the close of the financial year in proportion to their deposits.
 - iii. being carried forward to a general reserve, including the appropriations account;
 - iv. honorarium to Board members and Supervisory Board members shall amount to 2% of the surplus.
 - v. applying a specified amount to any charitable purpose as may be recommended by the General meeting and the Board of Directors ; and
 - vi. in any other way as may be determined by the Annual General Meeting.

9. GOVERNANCE STRUCTURE

- a) The Governance structure of the Society shall comprise the General Meeting that has the overall control of the Society, the Board and Staff.
- b) The duties and responsibilities of the various Governance structures shall be as stipulated in the Governance Charter, Board Charter and the Human Resource Policy.
- c) The members of an electoral zone shall elect their delegate(s) who shall constitute the General Meeting, provided that in the interest of maintaining the operations of the Society, the Board of Directors may delegate authority to Branch Officials or appoint Area Service Centre officials to provide loans and other services at designated Branches and/or Area Service Centres.

9.1 Electoral Zone, Area Service Centres and Branches

- a) The Society shall have electoral zones, Area Service Centres, branches and Branch officials as may be approved by the Board of Directors from time to time in accordance with the Electoral policy and Branch policy.
- b) The members of each electoral zone shall be represented by such number of delegates as provided for in these By-laws and elected in accordance with the Electoral Policy.

- c) Branches shall offer all services as may be offered by the headquarters and in line with the Society's operational policies and procedures.
- d) Every member shall belong to one electoral zone, provided that a member may be served at the head office or any branch office in line with the Society policies.
- e) The functions of Branch Officials and Area Service Centre officials shall be as provided in the Board and Governance Charter.

9.2 Establishment of Electoral Zones

- a) The Board shall establish such number of electoral zones and review them regularly as may be recommended by the management and approved in the General Meeting.
- b) The review of the electoral zones referred to in paragraph (a) shall take into account the geographical location of the members, number of members and the consolidated shares and deposits of members in a given area.
- c) Each electoral zone shall have such number of delegates as may be prescribed in the Electoral policy.

9.3 Election of Delegates

- a. The Society shall operate under a delegate mode of representation and the elections shall be guided by the Electoral Policy. The total number of delegates shall not exceed 120. Provided that any changes in the number of delegates shall be approved by the General Meeting.
- b. To facilitate services to members countrywide, the Board shall establish electoral zones and circulate or cause to be circulated a list of such electoral zones to all members for their information.
- c. Every member shall belong to one electoral zone, based on his or her place of employment or business, from which he/she will participate in elections and it shall be the member's responsibility to inform the Board of any change of electoral zone.
- d. The term of the delegates shall be three years and they may be eligible for a re-election for further terms as may be determined by members in an electoral zone.
- e. Before attending or voting at a general meeting, delegates shall be required to produce evidence of their membership and eligibility as delegates.

- f. A member shall be eligible or qualified to be elected as a delegate if he or she complies with the provisions of the Board and Governance Charter, and Electoral Policy and without prejudice to the generalities of this sub-section, a member shall be eligible for election as a delegate if that member;
- i. is a member in good standing and is current on deposits, loans and has not been in default;
 - ii. must have held deposits of at least Ksh. 500,000.00 (Five hundred thousand shillings) for the last six months prior to elections or any other amount set by the Annual Delegates Meeting. The deposits must have been progressively accumulated not built through share booster credit facility.
 - iii. has attained a minimum of post-secondary level of education or its recognised equivalent;
 - iv. works or conducts business within that electoral area;
 - v. has not been previously convicted of a criminal offence;
 - vi. has not been adversely mentioned in any report of inquiry; and
 - vii. shall fulfill the conditions of Chapter Six (6) of the Constitution of Kenya on leadership and integrity.
- g. The Board may grant a waiver on Clause (9.3) (f) (ii) where members in a particular electoral zone do not meet the requirements of the said clause as provided for in the Election policy. Provided further that for purposes of elections the shares and deposits shall have been contributed at least one year prior to the General Meeting.
- g. A candidate who engages in bribery, corruption, undue inducement of other members, or an election malpractice of any description, shall stand disqualified regardless of the seat he/she seeks.

9.4 Replacement of Delegates

The circumstances in which by-election for a delegate may be conducted shall be as provided in the Electoral policy.

9.5 Duties and Responsibilities of Delegates

It shall be the responsibility of every delegate to:-

- a) Attend a General Meeting when convened, in order to exercise their democratic rights and those of the members they represent;
- b) Attend education forums organised by the Society for members or delegates;
- c) Where possible, notify the headquarters on issues relating to deceased members;
- d) Educate current and potential members about the Society matters in general;
- e) Recommend and forward membership withdrawal cases to the Society for processing;
- f) Advise members on proper loan utilisation and the importance of loan repayments;
- g) Act as a liaison between the Society and its members;
- h) Elect committed and visionary leaders as officials of the Society;
- i) Market the Society's activities and enhance its corporate image; and
- j) Perform such other duties and responsibilities as may be directed by the Board of Directors from time to time.

9.6 ANNUAL GENERAL MEETING

- 1) The supreme authority of the Society shall be vested in a general meeting of delegates elected in the manner prescribed in the Co-operative Societies Act and these By-laws.
- 2) The Annual General Meeting shall be held at the earliest opportune time as stipulated in these By-Laws to undertake such businesses as laid down in the Co-operative Societies Act and as shall appear in the notice convening the meeting.
- 3) The General Meeting of the Society shall be convened by giving at least fifteen (15) days' written notice to the delegates;
- 4) The delegates shall have the right to attend, participate and vote on all matters during the meeting.
- 5) The Board shall ensure all possible and usual steps are taken, such as announcements at public meetings, posting, notices on the Society's notice boards, an advertisement in at least one newspaper of national circulation, or newsletters, to inform all persons entitled to attend, of the date and main business of the meeting. All written notices shall include a statement of the business to be dealt with;

- 6) The Society may use modern information and communication technology and send notices to members electronically in such form as email and short text message. Such form of invitation shall not invalidate a meeting; and
- 7) A decision taken by a General Meeting shall be binding on all delegates and members present, absent and objecting.

9.7 SPECIAL GENERAL MEETING

- 1) A Special General Meeting of the Society may be convened:-
 - a) by the Board of Directors or the Commissioner; or
 - b) within 15 days on receipt of a written demand from at least one third of the delegates or members, the meeting shall be called by the Honorary Secretary or Board Chairman for the time being, or on a resolution of the Board.
- 2) Any business not completed at the Annual General Meeting may be taken up at a subsequent Special General Meeting, or at the next Annual General Meeting.
- 3) For a Special General Meeting requested by the delegates, the signed request must state the object of the meeting. The request shall be deposited in the registered office of the Society.

9.8 QUORUM

- (a) Except when convened by the Commissioner, the presence of at least one quarter of the total number of delegates shall constitute a quorum for the conduct of business at a general meeting.
- (b) When a quorum is not met, the Board Chairman shall adjourn the meeting and fix a date within one month of the adjourned meeting, which shall be advertised as prescribed in these By-laws.
- (c) If at the subsequent meeting, a quorum is again not met, the Board Chairman shall declare the meeting open with those present, not more than one-half hour after the advertised time of the meeting.

9.9 CHAIRING MEETINGS

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

9.10 Powers and Duties of Annual General Meeting

The supreme authority shall vest in the Annual General Meeting, which shall be constituted by delegates and held within ninety (90) days of the close of the financial year. The Annual General Meeting shall have the powers and duties prescribed in Section 27(5) of the Co-operative Societies Act. At the General Meeting, delegates shall:-

- (a) Consider the minutes of the previous meeting and matters arising therefrom;
- (b) Consider the annual reports and accounts and the Auditors' reports on the activities of the Society during the past financial year;
- (c) Subject to these By-laws, 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 Board where necessary;
- (e) Consider appeals against the expulsion of members and refusals of membership by the Board;
- (f) Fix maximum liability the Society may incur in borrowing;
- (g) Approve the estimate of expenditure for the next financial year;
- (h) Receive the inspection notes of the Commissioner or the Authority, if any;
- (i) Approve honoraria for the directors;
- (j) Transact any other business of the Society for which seven (7) days notice shall have been given prior to the meeting;
- (k) Elect members of the Board of Directors and the Supervisory Board in accordance with these by-laws and the Act; and
- (l) Suspend or remove members of the Board of Directors and the Supervisory Board in accordance with these by-laws and the Act, provided that proper notice and the purpose of the meeting have been given in advance.

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

10. BOARD OF DIRECTORS COMPOSITION AND MEETINGS

- (a) The Board of Directors shall be elected by and from the delegates and shall comprise nine (9) members.
- (b) The Board shall elect the Chairman, Vice-Chairman, Treasurer, Honorary Secretary, and members of the Board Committees, all of whom shall be elected from the members of the Board.
- (c) The Board may appoint an ad hoc committee with specific terms of reference and time frames to address specific issues. Such committees shall be entitled to allowances at the prevailing rate.
- (d) The meetings of the Board of Directors and Supervisory Board shall comply with the Rules, Regulations, By-laws, the Board and Governance Charter and best practices.
- (e) 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.
- (f) The Quorum of a board meeting shall be five (5) members. In the event the Chairman and the Vice-Chairman are absent, a chairman for the meeting shall be elected from amongst those present for purposes of presiding over that meeting.

10.1 CONDUCT OF BUSINESS

- (a) The Board of Directors may make such rules not inconsistent with these By-laws, as it may deem necessary for the conduct of the Society's business.
- (b) Any such rules shall be recorded in the Minute Book and shall be posted on the Society's notice board, and shall come into force as and when determined by the Board.
- (c) Each decision taken by the Board shall be made through a written resolution, and no action may be taken on a decision purported to be by the Board unless the same is evidenced by a written resolution duly signed in accordance with the Board and Governance Charter.

10.2 MINUTES OF THE GENERAL MEETING

- (a) All business discussed at a general meeting shall be recorded in a minute book, which within one week of the meeting, shall be signed by the Chairman and the Honorary Secretary 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.

11 ELECTION OF BOARD MEMBERS

- (a) The Board members shall be elected for a term of three (3) years, subject to one third retiring annually on rotation, 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.
- (b) There shall be nine Board members elected. Seven Board members shall be elected from Egerton University, one from Laikipia University and one from Kisii University.
- (c) A person is eligible for election as a member of the Board if such person has met the conditions provided for in the Rules, Regulations, Board and Governance Charter and the Electoral policy. These include but are not limited to;

11.1 Eligibility for Election

- a) A person is eligible for election as a member of the Board if such person has met the conditions provided for in the Rules, Regulations, Board and Governance Charter and the Electoral policy.
- b) No person shall be eligible to be elected into the Management/ Supervisory Board if he/she:
 - i. Is not a member of the Society;
 - ii. Is under eighteen years of age;
 - iii. Is unable to read and write;
 - iv. Receives any remuneration, salary or other payment from the Society save in accordance with this Act; 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
- v. Is a committee member in another SACCO society;
 - vi. Being a member of a SACCO society that lends money to its members, lends money on his own account;
 - vii. Being a member of a SACCO society which trades in goods or produce, trades either on his own account or some other person's account in the same type of goods or produce;
 - viii. Has not, within thirty days of being appointed, declared his wealth to the Commissioner in the prescribed manner;
 - ix. Is an undischarged bankrupt;
 - x. Is of unsound mind;
 - xi. Has been adversely named by the Commissioner in an inquiry report adopted by a general meeting for mismanagement or corrupt practices while a member of the Board;
 - xii. Has been convicted of any offence involving dishonesty or is sentenced to imprisonment for a term exceeding three months;
 - xiii. Has been convicted of any offence under this Act or rules made thereunder;
 - xiv. Has any un-cleared debt owing to a co-operative society at the end of its financial year other than in respect of a loan under the provision of any rules made under this Act;
 - xv. Is a person against whom any amount of money is due under a decree, decision or order or is pending recovery under this Act.
 - xvi. Fails to fulfill the requirements of Chapter 6 of the Constitution of Kenya (2010) on leadership and integrity or is under investigation.
 - xvii. Has not attained minimum shares of Ksh. 20,000/- (Twenty thousand) and deposits amounting to Kshs. 500,000/-(Five hundred thousand) as at the end of the last financial year. The deposits must have been progressively accumulated not built through share booster credit facility.
 - xviii. Is a serving Board member or Official of the University Council or University Pension Scheme.
 - xix. The elected Board/ Supervisory Board members shall be required to undergo a 'fit and proper' test with the Authority and to declare his/her wealth and provide indemnity within 14(Fourteen) days of his/her election. He / she shall be required to declare the

interest of his/her immediate family members and/or business associates in the Society by completing an appropriate form provided by the Society.

- xx. The elected Board/ Supervisory Board members shall comply with the Board Charter/Policy which shall define roles and functions of the board, conduct, qualifications and experience of members of the board.

12 BOARD OF DIRECTORS, COMMITTEES AND MEETINGS

- a) The Board of Directors shall be the governing body of the Society elected from among the delegates.
- b) The board shall include the Chairman, Vice chairman, Treasurer and Honorary Secretary all of whom shall be elected by the board from amongst the members of the board. They shall be the signatories of the Society.
- c) Members of the Board shall hold office for a period of three years subject to 1/3rd (one third) retiring annually but will be eligible for re-election.
- d) The election for the positions of Chairman and the Vice-Chairman shall be held after every three years.
- e) The Board shall consist of a minimum of five and not more than nine members; where the membership of the board falls below five, the Board shall co-opt qualified member (the runners up in the last election) into the Board until the next Annual General Meeting.
- f) The Board may appoint ad hoc committees to address specific issues and such committees shall be entitled to allowances at the prevailing rate and as per the Board's Charter.
- g) Meetings of the Board shall be held once every month or as the need arises.
- h) A member of the Board who fails to attend three consecutive meetings without apologies shall cease to be a director of the Society.
- i) The Quorum shall be at least five (5) members. In case the Chairman and the Vice Chairman are absent, a chairman for the meeting shall be appointed among those present.
- j) In case of equal votes or tie of votes in the Board Meetings, the Chairman shall have one vote which shall be cast to determine the resolution of the meeting.
- k) Other provisions relating to the composition and meetings shall be as prescribed in the Board Charter.

12.1 Functions and Responsibilities of the Board of Directors

i) The functions of the Board shall be to:-

- a) Observe in all its activities the Co-operative Societies Act, the Sacco Societies Act, Rules, Regulations and these By-laws;
- b) Generally direct and monitor the affairs of the Society;
- c) Ensure smooth admission of new members to the Society;
- d) Ensure that true and accurate records and accounts are kept of the Society's money, and its properties, reserves, liabilities, income and expenses in accordance with International Financial Reporting Standards;
- e) Cause returns to be filed as may be required under the relevant laws;
- f) Cause to be prepared the budget, including recurrent and capital estimates for approval by the General Meeting at least three (3) months before the end of the preceding financial year;
- g) Ensure that the Society makes adequate provisions for known and probable losses likely to occur as required by the regulations;
- h) Ensure that the Society maintains a positive image within the industry and the economy as a whole;
- i) Establish appropriate policies and 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;
- j) Lay before the General Meeting a balance sheet and final accounts and budget for the following year;
- k) Recommend to the General Meeting the dividend and interest rates to be paid on shares and deposits;
- l) By a majority vote of its members holding office coopt a member of the Society to fill a vacancy in the board. Such appointments shall be valid until the next General Meeting of the Society, when a vacancy will be declared open for election;
- m) Authorize the transfer of the Society's property;
- n) Authorize external borrowing of the Society in accordance with the Co-operative Act, the Sacco Act, Rules, Regulations and Policies;

- o) Submit proposals to the General Meetings and provide information necessary to enable the members to deliberate and take appropriate actions;
 - p) Employ, terminate and fix compensation of Management staff in accordance with the Human Resource policies;
 - q) Impose fines on errant members;
 - r) Review monthly delinquency reports, supervise the collection of loans from members and recommend to the General Meeting the write-off of any uncollectible accounts.
 - s) Where appropriate, affiliate and maintain liaison with the national and international apex organizations.
 - t) Elect the Society's representatives in national or international cooperative organizations, or apex societies of which the Society is a member or affiliate;
 - u) In the performance of their duties, utilize the services of such consultants or experts as they may consider necessary for proper discharge of their duties;
 - v) Perform their responsibilities with diligence, taking into account the obligations set out in Part X of the Regulations; and
 - w) Perform or authorize any action consistent with the Co-operative Societies Act, the Sacco Societies Act, Rules and these By-laws, unless specifically reserved for the General Meeting.
- ii) In the discharge of their functions under these By-laws, the Directors shall perform their duties collectively as a Board and shall adhere strictly to the Board and Governance Charter and Code of Conduct.
- iii) The Board of Directors shall not perform the duties or exercise any of the functions of the Management of the Society.

12.2 SUPERVISORY BOARD

- a) The Supervisory Board consisting of three (3) members, that is the chairman, secretary and a member, shall be elected by the delegates at the General Meeting.
- b) Members of the Supervisory Committee shall have experience in audit, accounting or general management.
- c) The term of the committee members shall be three (3) years, with one third (1/3) retiring yearly.

- d) The basis for election and vacation from office of the Supervisory Board shall be the same as for the Board of Directors.
- e) The duties of the Supervisory Board shall include counterchecking, the effectiveness of the society's internal control systems through verification of all transactions of the Sacco society. This shall include to:
 - i. conduct an investigation into the affairs of the Society, including its books, at least once every three months;
 - ii. present their Annual Report to the delegates at a General Meeting;
 - iii. submit its reports to the Commissioner
 - iv. provide a quarterly report at each regularly scheduled Board of Directors meeting detailing the activities undertaken by the Board since the last meeting;
 - v. perform the various internal audits, to evaluate internal operation and controls (Policies and Procedures) at least once every three months, and make procedural recommendations regarding the internal controls. These recommendations will be submitted in writing to the Board of Directors on a quarterly basis;
 - vi. receive and investigate any complaint or appeal by members and delegates concerning the operations of the Society;
 - vii. ensure that the society is run according to the directions given at the annual general meeting or special general meeting and in accordance with the co-operative laws and regulations in force;
 - viii. ensure that the right policies are established by the board of directors.
- (f) The Secretary of the Supervisory Board shall prepare, and have custody of the records of all actions taken, including evidence of any audits performed by the Committee.
- (g) With a view to enhancing service delivery, the Supervisory Board may consult with the Audit Committee of the Board as and when the need arises.
- (h) In case the Supervisory Board requires the services of an expert to assist on a specific task, the costs of the expert shall be determined by the Management Board based on the budget and procurement process of the Society. Such experts shall be the appointee of the Supervisory Board.
- (i) The Supervisory Board shall not perform the duties or exercise any of the powers of the Board of Directors or Management of the Society.

12.3 Authority of the Supervisory Board

- a) Meetings of the Supervisory Board shall be convened by the Chairman of the Board. Meetings of the Board shall be held once every month or as the need arises.
- b) Compensation shall be the same as that of the Management Board and it shall be a compulsory body in the internal supervision of the Society.

12.4 Board Chairman

- a) The board chairman shall:
 - i. Preside at general meetings, board meetings and joint meetings with the Supervisory Board.
 - ii. Perform such other duties as maybe directed by the Board, consistent with provisions of the Act, Rules and these by-laws.
- b) He shall prepare or cause to be prepared the agenda of Sacco meetings

12.5 Board Vice-Chairperson

- a) The vice-Chairman shall perform the duties of the Chairman during his absence and shall perform such other duties as may be directed to perform by the Board.
- b) He/she shall be the Chairperson of the Governance, Education and Strategy Committee

12.6 Honorary Secretary

The duties of the Honorary Secretary are to:

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

12.7 Treasurer

The duties of the treasurer are to:

- a) Ensure all books of accounts of the society are kept in accordance with international accounting standards
- b) Ensure regular financial reports and statements of the society are prepared.
- c) To ensure regular audits of the financial statements of the society.
- d) To chair finance and investment of the society
- e) Generally manage or cause to be managed the financial affairs of the Sacco in a competent manner
- f) Ensure maintenance of full and complete record of all assets, liabilities, income and expenses of the Society
- g) Ensure the safekeeping of the society's money, security, and books of accounts
- h) To ensure that all payment and expenditures are fully authorised

12.8 Board Committees

- a) The Board of Directors may delegate to the Board committees such powers and duties under these By-laws as may be specified in the Board and Governance Charter, as it deems fit and proper, provided that the Board shall remain responsible.
- b) The composition of any Board Committee shall be three and a quorum of two members to constitute a meeting.

12.8.1 Credit Committee

- a) Review and oversee the overall lending policy of the Sacco
- b) Review lending by the Management Credit Risk Committee including a periodic sampling of processed loan applications to satisfy itself that management is adhering to the lending policies of the Sacco;
- c) Ensure that there are effective procedures and resources to identify and manage irregular problem credits, minimize credit loss and maximize recoveries;
- d) Direct, monitor, review and consider all issues that may materially impact on the present and future quality of the institution's credit risk management: and
- e) Delegate and review lending limits to the sanctioning arms of the institution;
- f) Assist the board with discharging its responsibility to review the quality of the Sacco's loan portfolio and ensuring adequate provisions for bad and doubtful debts in compliance with requirements of the prudential guidelines;

- g) Ensure that the credit policy and risk lending limits are reviewed at least on an annual basis and as and when the environment so dictates.

12.8.2 Finance and Investment Committee

The Treasurer shall be the Chairman of the Finance and Strategy Committee and its duties shall be to:

- a) Review and make recommendations to the board on the financial plans of the Society ensuring its adequacy and soundness in providing for the Society current operations and long term stability.
- b) Review, discuss and make recommendations to the board concerning significant financial planning, management and reporting issues of the Society
- c) Review periodic financial statements of the Society before submission to the board.
- d) Consider and advice the board on investments and borrowings.
- e) Make recommendations to the board on capital expenditure projects.
- f) Ensure all expenditure of the Society are within the approved budgets
- g) Monitor the management's adherence to the procurement plans approved by the board
- h) Review and make recommendation on finance related policies including investments, capital adequacy and financial performance monitoring.
- i) Ensure the Society has liquidity management policies as prescribed in the Regulations.
- j) Review loan interest rates and other levies proposed by the management and make recommendations to the board for approval.

12.8.3 Audit Committee

- a) The audit committee shall be constituted from the board, one of whom shall be conversant with financial and accounting matters. The Chairman of the board shall not be a member of the Audit committee.
- b) The primary responsibility of the Audit committee shall be as prescribed in the Regulations which includes but not limited to:-
 - i. Ensuring establishment and review of the internal control system.
 - ii. Review performance and findings of the internal auditor and recommend remedial actions regularly and at least once in every three months;

- iii. Recommending three names of external auditors and the remuneration to the board;
- iv. Reviewing coordination between internal and external audit functions as well as monitor external auditors independence and objectivity;
- v. Report to the board on their findings and recommendations

12.8.4 Governance, Education and Strategy Committee (GES)

The Vice-Chairman shall be the head of the Committee. The Committee shall be responsible for carrying the role of providing education to the members, staff, management and the board, ensuring the Sacco is governed in accordance with its code of corporate governance and all other relevant guidelines as well as carrying out strategic planning.

The duties of the GES Committee shall be to:

- a) Review annually, for board approval, a board manual outlining the policies and procedures by which the board shall operate, and the terms of reference for the board, the chairman and board committees,
- b) Determine the performance measures to be deployed in assessing the performance of the business, the CEO, Chairman, individual directors and the board as a collective entity.
- c) Recommend to the board and implement each year, an appropriate evaluation process for the board , the chair, individual board members and the chief executive officer;
- d) Develop recommendations regarding the essential and desired experiences, skills and competencies for board members of the Society;
- e) Review, monitor and make recommendations regarding the induction and development of new board members;
- f) Lead annual performance review for the chief executive officer and his direct reports,
- g) Receive annual declarations on the fit and proper criteria for onward transmission to SASRA.
- h) Recommends to the board the process of selection and appointment of the CEO.
- i) At the request of the board, undertake such other corporate governance initiatives as may be necessary or desirable.
- j) Supervise and monitor matters reported using the Society's whistle blowing or other confidential mechanisms for employees and third parties to report ethical and compliance concerns or potential breaches or violations;

- k) Investigate all allegations of violations of the Society's Code of Conduct by directors and to recommend appropriate sanctions to the board.
- l) Identify and determine the education needs of the members, the board and employees of the Society.
- m) Identify, collect and prepare Society's news for dissemination to members.
- n) Ensure the Board is regularly informed about the Sacco's key strategic plans and that the Board provides feedback and guidance to management.
- o) Oversee annual strategic review planning events involving the Sacco's strategic planning process.
- p) Review and recommends to the board human resources development, organizational structure, compensation principles and practices and any significant changes.
- q) Reviews and recommends to the board salary structures, bonus, benefits and other remuneration of management and staff.
- r) Reviews and oversees the Society's management succession plan and development.

13. SUSPENSION AND REMOVAL OF A BOARD MEMBER

- a) The Board of Directors may by majority vote suspend any Board member who violates the provisions of the Co-operative Societies Act or Rules, these By-laws or for any other good or sufficient cause. The Board of Directors may recommend to the General Meeting the removal of a Board member.
- b) No person may be suspended under this By-law until the person has been informed in writing of the reason for his or her proposed suspension and has been given the opportunity to appear before the Board of Directors.
- c) Any Board Member convicted before a court of law with an offence involving fraud or dishonesty shall automatically be suspended from the board pending the confirmation by the General Meeting and the same communicated to the relevant offices.
- d) The majority of the Board Members may suspend a Member and accordingly inform the Commissioner for Co-operatives and the Authority subject to ratification by the General meeting for;
 - i. Failure to disclose vested interests or furnishes the society with false information
 - ii. Defaults in the repayment of loans due for a period of three months

- iii. Acts in any detrimental or prejudicial to the societies interest or for any other just cause
 - iv. Fails to comply or refuses to comply with the Society's bylaws, policies and resolutions
 - v. Breach of Society's code of conduct.
 - vi. Engaging in fraud within the Sacco.
- e) In event the suspension of a board member is lifted after the tenure of his/her directorship in the Society has expired such a members shall not be reinstated in the board of the Society.

13.1 VACATION OF OFFICE BY A BOARD MEMBER

- (a) A member of the Board of Directors , Supervisory Board or any other Board Committee shall cease to hold office if he or she–
- (i) ceases to be a member of the Society;
 - (ii) ceases to be a delegate of the Society or loses any of the qualification as a Board or Supervisory Board member;
 - (iii) is removed by the Authority under the provisions of the Act and Regulations;
 - (iv) is removed by the Commissioner under the provisions of Co-operative Societies Act and the Rules;
 - (v) is voted out by three quarters majority of delegates present and voting at a General Meeting;
 - (vi) ceases to hold qualifications of a Board of Director as specified in the Act, Regulations, these By-laws or the Board and Governance Charter;
 - (vii) fails to attend three consecutive meetings without acceptable reasons, or
 - (viii) becomes ineligible for any other reason(s).
- (b) A person elected into a Board of a National Co-operative Organization or apex 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.

14. RECORDS OF BOARD OF DIRECTORS MEETINGS

- a) All Business discussed or decided at Board/ Committee 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 the Secretary of the Board/Committee 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.

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

- a) The Board of Directors may delegate in writing to an officer, Board committee or employee of the Society such of its duties as it may deem fit. Nothing shall absolve the Board from its responsibility of running the affairs of the Society in a proper and businesslike manner.
- b) 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 Co-operative Societies Act, the Sacco Societies Act, Rules, Regulations, these By-laws or the directions of any General Meeting of the Society or any other applicable law.
- c) Pursuant to Section 27(b) of the Co-operative Societies Act, every Board member shall file an indemnity as may be approved by the General Meeting from time to time.
- d) Every Board and Supervisory Board member shall within thirty (30) days of being elected, declare their wealth to the Commissioner.

16. CODE OF CONDUCT, CONFLICT OF INTEREST AND CONFIDENTIALITY

- a) The Management and Supervisory Board members and employees shall:-
 - i. Comply with the Board and Governance Charter and Code of Conduct as set out in the Rules, Regulations and best practices;
 - ii. Be professional and not bring the Society to disrepute;
 - iii. 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; and
 - iv. Withdraw from the discussion they have an interest unless it is determined that the individual has relevant information to provide. In case of failure to divulge this

information or breach of confidentiality may result in removal from office or termination of employment.

- b) An officer designated under Bylaw 15(a) (iv) shall not participate in Board deliberations, shall have no voting right and may be advised to stay away from a Board meeting if in the opinion of the Board his presence is not desired during that particular meeting.
- c) Violation of the Society's Code of Conduct constitutes an offence and the Board and Chief Executive Officer shall take any necessary action.

17 THE CHIEF EXECUTIVE OFFICER

- i. The chief executive officer shall be appointed by the board and shall be responsible for the day to day operations of the Sacco society and in particular ensure;
 - a) The implementation of and adherence to the policies, procedures and standards;
 - b) Systems that have been established to facilitate efficient operations and communication are followed
 - c) The planning process that has been developed to facilitate achievement of targets and objective is adhered to.
 - d) All staff matters, particularly human resource development and training are attended to.
 - e) Adherence to the established code of conduct;
 - f) Compliance with the Act, Regulations, Co-operative Act, Rules these by laws and any other applicable laws.
- ii. The chief executive shall ensure that the board is frequently and adequately appraised on the operations of the Sacco society through presentation of relevant reports which shall cover, but not limited to the following:-
 - a) Financial statements (monthly, quarterly and annual); showing current compared with past period actual performance, the budget compared with the actual and with explanations for any variances;
 - b) Capital structure and adequacy;
 - c) Delinquent loan list, and in particular growth in loans, loan losses, recoveries and provisioning;

- d) Statement of comprehensive income (monthly, quarterly and annual) comparison with budgeted against actual;
 - e) Sources and application of savings and deposits;
 - f) All insider lending and non-performing insider loans, if any.
 - g) Violation of the act, these regulations and any other applicable law, and remedial actions taken to comply;
 - h) Large risk exposures;
 - i) Investment portfolio;
 - j) Quarterly performance contract reports
- iii. He/She shall be the Chief Executive of the Society. His/Her powers and duties shall be assigned by the Board and in particular:
- a) To manage the affairs of the society in a competent manner
 - b) To cause to be kept proper books of records and registers
 - c) To attend Committee meetings and the General Meetings in an advisory capacities but have no voting rights
 - d) To prepare and analyze on a quarterly basis the society's business plan and budget
 - e) To represent the society in business transactions and any other transaction authorized by the Board
 - f) To provide information required by the Supervisory Board in time
 - g) To propose to the Board of new positions arising at the society, and the revision of the salary schedule for all the society's staff
 - h) To implement recommendations set forth in the audit reports and those issued by the Supervisory Board.
 - i) To 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 sheet, and delinquency lists are complete and correct. Ensure that the account records are maintained in accordance with internationally accepted accounting principles.
 - j) To ensure that adequate insurance is in place, if available, for all employees, Board Members and property of the society

- k) To direct and supervise the administration and processing of loan applications
- l) To establish a pricing strategy for products and services, in which the interest rates structure will seek a balance between the loans available to the members, and the long-term viability of society. For this purpose the Chief Executive should consider:-
 - i. Costs, particularly those related to members' savings, dividends, the allowance for loan loss, and operating expenses
 - ii. The need for a strong capital position, which is essential for the Society's long-term viability and future growth.
 - iii. The competitions pricing structure, given the competitive nature of the financial market.
- m) To assist the Board in determining acceptable types of collateral that can be used to secure the Society's loans.
- n) To ensure there is adequate liquidity to meet loan demands, savings withdrawal, and operating expenses.
- o) To ensure drawing up and updating of job descriptions of each employee.
- p) To ensure implementations without delay of all decisions of all Committees of the society and the General Meeting
- q) Counter sign the society cheques, contracts and other documents
- r) Carry other duties as prescribed in the Act, Rules

18 SOCIETY EMPLOYEES

- a) The Board of Directors shall have powers to appoint 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 shall require all employees of the Society to provide such indemnity as and when deemed necessary.
- d) The Board has the powers to discipline employees of the Sacco according to the laid down procedures in HR Policy.

19 GUIDING PRINCIPLES

The Board shall set and regularly review policies and procedures for savings, credit and other services to ensure that they are always in conformity with the Sacco Societies Act, Regulations, Rules and financial regulations and the interest of the members.

20 ACCOUNTS AND RECORDS

20.1 Books and Records

The Society shall keep an up-to-date and in a proper business-like manner such books and records as the Co-operative Societies Act and Sacco Societies Act, Rules and Regulations may require from time to time.

20.2 Audit

- i. The Annual General Meeting shall select and approve an auditor from the names presented to it by the Board.
- ii. The Board shall ensure that the auditors presented to the Annual General Meeting are selected from a list of auditors approved by the Authority.

21 FINANCIAL YEAR

The Financial Year of the Society shall be the calendar year (from 1st January to 31st December).

22 AUTHORISATION TO SIGN DOCUMENTS

The Chairman, Vice-Chairman, Honorary Secretary, Treasurer, Chief Executive Officer or such other signatories as may be authorised in writing by the Board shall be signatories on behalf of the Society. The internal regulations shall detail which signatories are authorised for particular documents or transactions.

23 COMMON SEAL

The Society may adopt and use a Common Seal bearing the words ‘**Egerton University DT 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 authorised to sign documents on behalf of the Society.

24 MISCELLANEOUS

24.1 Disputes

- a) Any disputes arising out of these By-laws or concerning the business of the Society and its members shall be referred to the Tribunal.
- b) In case of debts due to the Society from a member or debts owing to a member or past member of the Society, a general 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.
- c) The Board of Directors or Chief Executive Officer may request the Commissioner to intervene in case the employers fail to remit deductions from members' salaries on expiry of seven (7) days from the date of such deductions.

24.2 Amalgamation and Acquisition

The Society may enter into arrangements of amalgamation or acquisition of any other Society in accordance with the Co-operative Societies Act, and subject to any approvals required by law.

24.3 Amendment and Availability of By-Laws

- a) Amendments of these By-laws shall be made by a resolution of a majority of general present and voting at a general meeting and in line with the provisions of the Co-operative Societies Act, provided no amendment shall become effective until it is approved by the General Meeting and registered by the Commissioner.
- b) The Society may make available upon request from the registered office of the Society, a copy of these By-laws, upon payment of a fee not exceeding its actual cost to the Society.

25. ACCEPTANCE

We, the undersigned officers of the Society named herein, do hereby accept and adopt these By-laws for and on behalf of Egerton University DT Savings and Credit Co-operative Society Limited together with any changes or alterations that have been initiated or signed by us.

NAME SIGNATURE

Chairman

Name:..... **Signature:**.....

Vice-Chairman

Name:..... **Signature:**.....

Treasurer

Name:..... **Signature:**.....

Honorary Secretary

Name:..... **Signature:**.....

Chief Executive Officer

Name:..... **Signature:**.....

Certified that these By-laws of the Egerton University DT Savings and Credit Co-operative Society Limited have been approved by me and duly registered.

GIVEN UNDER MY HAND AT NAIROBI THIS DAY OF
2019.

DIDACUS ITYENG'

AG. COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT