KAFOVA

SAVINGS & CREDIT COOPERATIVE SOCIETY

LIMITED

P O BOX 22732 – 00100

NAIROBI KENYA

2017

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BY-LAWS OF KAFOVA SACCO SOCIETY LIMITED

1 NAME AND AREA OF OPERATION

The Society shall be called **KAFOVA SACCO SOCIETY LTD** hereinafter referred to in these by-laws as "The Society" and its area of operation shall be in **MAKADARA SUB-COUNTY.**

2 REGISTERED OFFICE AND POSTAL ADDRESS

The registered office of the society shall be at the Society's office located at KCB Building 3RD Floor along Enterprise Road and the postal address of the society shall be
P O Box 22732 GPO 0100 Nairobi, Kenya.

Any change of address shall be given to the Commissioner for Co-operative Development hereinafter referred to as 'The Commissioner' and to all members of the society through their last known address as per the records held at the society within 30 days of such change.

3 DEFINITIONS/INTERPRETATIONS

a) In these By-laws, unless the context otherwise suggests words or phrases shall be defined/interpreted in accordance with the Sacco societies Act 2008 and Regulations herein after referred to as the Act and Regulations respectively, the Cooperative Societies Act Cap 490 Laws of Kenya and the rules made there under hereinafter referred to as the Co-operative act and Rules respectively.
In these by-laws save as otherwise expressly stated:

i. **General Meeting**- shall mean a meeting (either "annual" or "special") for all members duly convened by the society to conduct its business.
ii. **Committee**-shall mean the committee elected in a duly convened General Meeting to govern the Business of the society as per these by-laws.
iii. **Commissioner**- shall mean the Commissioner for Co-operative development as provided for in the Act.
iv. **Member**- shall include a person who signs the application for registration of a society and a person admitted to the membership after registration in accordance with these by-laws.

v. **Limited liability**-shall mean limited by shares.
vi. **Bonus**- shall mean the member's share of the surplus of the society which is divided amongst its members, calculated by reference to the proportion which the member's volume of business with the society bears to the total volume of the business done by the society.
vii. **Capital**-shall mean the permanent members equity in the form of common stock and includes all disclosed reserves, retained earnings, grants or donations.
viii. **Returning officer**- shall mean a person appointed to oversee or conduct the elections of a co-operative society at a general meeting.
ix. **Special resolution**-means a resolution passed by two-thirds of the members present and voting at a general meeting of the society.
x. **Tribunal**-shall mean the co-operative tribunal established under the Act.
xi. **Applicable Law**-shall mean the Co-operative Societies Act, Rules and these by-laws.

b) In this by-law where the masculine gender is referred to it will be construed to include the feminine gender.
c) Any questions concerning interpretation(s) of these by-laws or any matters not provided for therein, errors and omissions shall be referred to the Tribunal.

4 OBJECTS

a) The objects for which the Society is established are to uplift the social, health and economic wellbeing of the members and their families.
b) In Particular, the society shall undertake:

i. To be a forum where members would give each other financial, social, emotional, mental and spiritual support whenever necessary.
ii. To promote thrift among its members by affording them an opportunity for accumulating their shares and deposits and to create thereby a source of funds from which loans can be made available to them for the purposes of providence or production or both at a fair and reasonable rate of interest. Thereby enabling them to use and control their money for their own mutual benefit.
iii. To ensure personal growth through the introduction of new products and services that will promote the economic base of the members.
iv. To acquire property and chattels and do such other things as may be approved by members.
v. To raise or borrow money for all or any of the foregoing objectives in such manner and upon such security as may from time to time be determined by the association.
vi. To establish a micro finance business.
vii. To do all such other things as are incidental or conducive to the attainment of all or any of the foregoing objectives.

viii. To raise money subject to the limitation and conditions imposed by the Act and Rules there under from any financial institutions for the furtherance of these objectives.

ix. To apply the cooperative principle of cooperation among co-operatives in order to promote members interests. In furtherance to the objects the society shall affiliate to the relevant National Cooperative union and the Apex Society.

c) For the attainment of the above objects, the society may do acts and things that are permissible under the Act, rules and these bylaws including but not limited to acquiring property and chattels and doing all such other things as are incidental or consequential to the economic enhancement of its member's interests provided such act is approved by the members in a general meeting.

5 CO-OPERATIVE PRINCIPLES AND VALUES

In order to achieve the objects for which it was established, the society shall act in accordance with the following Co-operative principles

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 drives without political, religious, ethnic, 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 programs 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 cooperatives 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.

6 VALUES

The values shall be: Self-help, Commitment, Mutual trust, Transparency, Accountability, Responsibility, Equality and Equity.

It shall practice: Honesty, Openness and social responsibility in all its activities.

7 MEMBERSHIP

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

a) Former member of Kenya Air Force Officers Veterans Association (KAFOVA).
b) Is a retired Kenya Air Force officers.
c) Retired Kenya Air Force Servicemen.
d) Retired member of the Kenya Defense forces.
e) Active members of the Kenya Defense Forces.
f) Next of kin of the above.
g) Strategic business partners.

8 MEMBERSHIP QUALIFICATIONS.

An eligible person maybe admitted to membership if he/she possesses the following qualifications:

a) Is within the field of membership.
b) Is not less than eighteen years of age.
c) Is of good character.
d) Is of sound mind.
e) Is an employee of the society or a subsidiary of the society.
f) Is not directly, a money lender or carrying out such activities detrimental to the objectives of the Society.
g) Has not been convicted of a criminal offence involving fraud and or dishonesty.
h) Has regular income from employment, business or trade.
i) Pays the prescribed entrance fee and the minimum prescribed shares.
j) Accepts the objectives of the society, the obligations of members and other conditions as stated in these By-laws.

Provided an employee of the Society may become a member of the Society but shall not be a member of the Board except as specifically provided in these by-laws.

9 APPLICATION FOR MEMBERSHIP

a) Every applicant for membership shall complete an **"application for membership" form** and shall provide such further information and documentation as may be required.
b) Upon admission, a member shall be given a membership number, entered in the member's register and filed.
c) A member shall pay an entrance fee of 1000/=.

10 MEMBERSHIP ADMISSION

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 for at least the minimum no of shares.

11 REFUSAL OF MEMBERSHIP

The management committee may refuse admission to a person after assigning reasons for their decision. Such a person, if otherwise eligible for membership shall have the right to appeal to the next General meeting.

12 MEMBERSHIP RIGHTS

Subject to these By-laws, policies, standards, values and procedures, all members shall have the right to use the Society's services and exercise the rights established by the Co-operative 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 his/her total shareholding.
c) Electing representatives to attend and participate at a general 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's 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's services.
g) Appointing a nominee.
h) Participating in the sharing of the Society's surpluses.
i) Accessing all legitimate information relating to the Society, including internal regulations, registers, minutes of the General Meetings, Supervisory Committee 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) Enjoying all other rights as prescribed by the Co-operative Act and the Rules.

13 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 cooperative societies 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 so change.
g) Pay their debt obligations to the society without fail and save regularly with the society to mobilize funds for lending to the members.
h) Seek cooperative education to improve membership awareness and enlightenment.
i) Support issues put forth that improve the sustainability of the Society and promote the goodwill of all members.
j) Buy and pay for shares and make any other payments provided in the Bylaws of the Society
k) Attend meetings and education forum and take part in decision-making.
l) Notify non-members and encourage them to join the Society,
m) Bring out problems affecting the Society and look for solutions,
n) Participate in the Society projects both physically and financially
o) Make use of the services of the Society as stated in the objects of the society,
p) Comply with these By-laws, the Co-operative Societies Act, SACCO Act, Rules and Regulations and General Meeting Resolutions

14 MEMBERS PERSONAL ACCOUNTS

a) The Society shall provide a periodic statement of accounts containing a record of the members' transactions with the Society.
b) In the case of a member with a loan or other credit facility in service, the Society shall provide a detailed statement of account every six months or on such shorter interval as the Board may determine.
c) The Society may, at the discretion of the Board, provide the statements or other documents to a member by electronic means, including through email**.**

15 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) Becoming certifiably insane.
e) Acting contrary to the relevant provisions of the Co-operative Act, the Sacco Act, Rules, Regulations and these 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.

16 SUSPENSION/EXPULSION

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

a) Acts in any way detrimental or prejudicial to the society's interests or for other just cause
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) Lends money on his/her own account or in another person's account unless the directors has given him/her written authority.
d) Acts in any way against the interest of the society or the by-laws made hereunder: -
e) Is a person against whom any amount of money is due under a decree, decision or order or is pending recovery under this Act – on criminal cases.
f) Spreads malicious rumors concerning the society, its members, employees or Board

g) Fails to meet the requirements stated in of the Co-operative Societies Rules
h) Willfully defaults in the repayment of loans due or part of loans or advances due for a period exceeding six months.
i) Fails to save regularly.
j) Is found to have willfully furnished false particulars in his application for membership to the society
k) For any other reason, as may be contained in the Society's code of ethics.

17 SUSPENSION AND EXPULSION PROCEDURE

a) Upon formal and written announcement and proof that a member has committed a violation punishable by suspension or 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 thirty (30) days to prepare a defense, if any, provided that no suspension shall exceed twelve (12) months.
b) Upon expiry of the 30 days and taking into consideration the member's defense, the Board shall initiate an administrative inquiry and act on its findings within fifteen (15) days.
c) A member so expelled by the Board shall have the right to appeal at the next General 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 General 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.

18 PAYMENTS RESULTING FROM 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) 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.
b) A member who withdraws will be required to clear all his outstanding loans and provide alternative guarantors for loans guaranteed.
c) 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.

19 WITHDRAWAL FROM SOCIETY

A member may at any time withdraw from the society by giving at least sixty (60) days written notice to the Management Committee.

20 PAYMENTS ON CESSATION OF MEMBERSHIP

On cessation of membership, a person shall be refunded the following amounts:

a) The nominal value of his shares.
b) Any dividends or interest's due to him prior to the date membership ceased.
c) Any other sums held by the society on his behalf.
d) Partial withdrawal of shares from the society shall not be allowed under any circumstance.

21 NOMINEES

Every member shall nominate in writing one or two persons as nominee(s). The nomination shall be attested to by two witnesses who are members of the society. 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 in the presence of two attesting witnesses who are members of the society

22 PAYMENTS TO NOMINEE

The society after satisfying itself and after obtaining such documentary proof of the death of a member as it may consider necessary, shall pay to the nominee the value of the deceased member's deposits, interest and dividend after deducting monies owed to the society, if any.

23 ADMISSION OF NOMINEE

A nominee may be admitted if he is qualified for membership of the society. On admission, the shares, interest and dividends (if any) due to the deceased member shall be transferred to the account of that nominee.

24 FUNDS OF THE SOCIETY

a) The funds of the society shall consist of:

i. Entrance fee
ii. Share capital
iii. Administration fees and penalties
iv. Statutory reserve fund and any other reserve fund as may be kept by the society.
v. Surplus resulting from the operation of the society,
vi. Any donations, gifts from other bodies, organizations and individuals.

b) The funds of the society shall be applied to the promotion of the stated objects of the society as set out in these by-laws and purpose set out in the Act and Rules and shall be invested in:
   i. Investments and securities as are authorized for the investment of trust funds,
   ii. The shares of any other co-operative society,
   iii. Any bank licensed under the Banking Act,
   iv. The stock of any statutory body established in Kenya or in any limited liability company incorporated in Kenya or in any other manner approved by a resolution at a general meeting of the society.

25 SHARES

Every member shall hold at least **100** shares of Kshs **100/=** 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 society.

26 TRANSFER OF SHARES

a) With the approval of the Management Committee, a member may at any time transfer his shares to another member but not to any other person. Such transfers must be in writing and at nominal value.
b) All transfers of shares between members shall be registered with the society and no transfer shall be valid unless so registered. A fee of Kshs **1000/**= shall be payable by the transferee for each such transfer.

27 LIABILITY

a) The liability of a member shall be limited to the nominal value of the shares held by him.
b) In the event of liquidation, where available funds are insufficient to pay the full nominal value of the shares held by members, the funds shall be distributed pro-rata among the shareholders according to the number of shares held by each.

28 POWER TO BORROW

a) Loans may be obtained from non-members subject to the maximum amount and terms approved by the General Meeting.
b) For the securing of any loans accepted by the society under paragraph (28.1) above, the society may grant a charge over its assets. The authority to grant a charge shall be reserved to the General Meeting.
c) The rate of interest on loans shall not exceed the current market rates.

29 RECEIPTING OF MONEY

a) Money paid on account of shares, interests, fees or fines shall be evidenced by a printed receipt in a form to be approved by the Management Committee. Every person paying any money on behalf of the society shall be identified on the receipt.

b) Should the receipt given to the member by the society be lost or destroyed, immediate notice of such fact shall be given by the member to the Treasurer who may be authorized by the Management Committee to issue a duplicate receipt. The Management Committee may require the member to sign an indemnity to protect the society against any loss due to the issuance of such duplicate. The Management Committee may also require payment to the society of a reasonable fee to cover the cost of issuing the duplicate receipt.

30 PAYMENT

Payments made by the society shall be evidenced in writing in a form approved by the Management Committee.

31 RESERVE FUND

a) The society shall pay into the reserve fund maintained in pursuance of the provisions of Section 47 of the Act and the Rules, one fifth (1/5) of the net surplus resulting from the operations of the society during a financial year.
b) The reserve Fund of the society shall be invested in the manner provided for in these by-laws.
c) The Reserve Fund shall be indivisible and no member shall be entitled to claim a specific share of it.
d) No withdrawal shall be made from the reserve fund of the society without a resolution from the General Meeting and a written approval from the Commissioner.

32 GENERAL MEETING

The supreme authority of the society shall be vested in the General Meeting of members.

a) An Annual General Meeting shall be convened within four months after the end of the society's financial year.
b) Any business not completed at the annual General Meeting, may be taken up at a subsequent special General Meeting of the society.
c) A special General Meeting of the society may be held: -
d) When convened by the Management Committee.
e) When convened by the Commissioner.

When convened by the Management Committee within fifteen (15) days of receipt a written request by at least **50** members or one fourth of the members, whichever is less.

Provided that, the request is deposited by registered mail at the society's address or delivered to the Manager at the society's offices within normal working hours. If the Committee fails to convene a meeting within fifteen days of receiving notice under the Act, the members demanding the meeting may themselves convene the meeting by giving notice to the other members of the co-operative, stating the object and reasons for the meeting and the fact that the Committee has failed to convene the meeting.

33 DUTIES OF GENERAL MEETINGS

The General Meeting shall have the powers and duties prescribed in the Act, Rules and these by-laws. It shall:

a) Consider and confirm the minutes of the previous General Meeting.
b) Consider reports of committees, the Commissioner or his representative and the audited accounts on the society's activities during the past financial year.
c) Consider and resolve on the manner in which any available surplus shall be distributed or invested, subject to the Act and rules.

d) Elect or remove members of the Management Committee and the Supervisory Committee, subject to the Act, Rules and these by-laws.
e) Fix the indemnity for the elected committee members and management staff.
f) Consider recommendations from the Management Committee, appeal against suspensions of members and refusals of membership by the Management Committee.
g) Fix the maximum liability which the society may incur in loans from both members and non-members.
h) Approve the estimates of income and expenditure for the financial year following the General Meeting.
i) Fix the honoraria, if any, for officers or employees of the society.
j) Decide the management structure, including the establishment of branches to facilitate efficient and cost-effective delivery of services to members.
k) Affiliate the society to National Co-operative Organization for marketing societies and the Apex society.
l) Appoint bankers, auditors and advocates of the society for the ensuing year.
m) Transact any other business of the society for which notice has been given to members in the manner prescribed in these bylaws.
n) All members are allowed to attend the General Meeting and participate in its deliberations; however, they may be required to identify themselves.

34 RECORD OF BUSINESS

All business discussed or decided at the General Meeting shall be recorded without erasures and corrections in a Minute Book, which within one week of the meeting, shall be signed by the Chairman of the meeting and at least one other committee member who was present at the meeting, to indicate that in their opinion the minutes are a true and complete record of all matters discussed or decided at the meeting.
At the next meeting after approving any alterations or variations which shall be immediately written below the above signatures and not as alterations to the original record, the meeting shall by resolution authorize the Chairman to sign and date the final record.

35 NOTICE OF MEETINGS

a) The general meeting shall be convened by giving at least 15 days written notice to the members.
b) The Honorary Secretary shall take all usual steps to publish the notice of the meeting in public places, on the society's notice board(s), in local newspapers or news–sheets, including the media or any other mode decided by the members.
c) All notices shall include a statement of the business to be dealt with.

36 QUORUM

Except when convened by the Commissioner, the presence of at least 30% of the total membership or 40 members whichever is less, shall constitute a quorum for the conduct of business at the General Meeting. When a quorum is not attained, the Chairman shall adjourn the meeting and shall fix a date within one month for the adjourned meeting, which shall be advertised as prescribed in these by-laws. If at such a meeting a quorum is again not attained, the Chairman shall declare the meeting open with those present one hour after the advertised time of the meeting.

37 ELECTIONS

a) With every notice of a General Meeting convened in accordance with these by-laws, where elections will be held, the Management Committee shall notify the members of the vacancies arising in both the Management Committee and the Supervisory Committee.
b) During elections, the Returning officer shall call for nominations from the floor. Each candidate must have a proposer and a seconder.
c) At the elections, members shall decide, by majority vote, the method of voting. The method may be secret ballot or queuing or by show of hands.
d) Members shall be entitled to vote by proxy.
e) Irrespective of the number of shares held by him, no member shall have more than one vote.
f) Within fourteen (14) days of the elections, the Honorary Secretary shall forward to the Commissioner, the names and addresses of all persons elected.
g) A new committee elected at the General Meeting shall not assume office unless they have satisfied the requirements of the Act, Rules and these by-laws as to the indemnity and ethics.

38 THE MANAGEMENT COMMITTEE

a) The Management Committee shall be the governing body of the society elected from the general membership and shall consist of **9 members**. It shall include the Chairman, Vice chairman, Treasurer and Secretary all of whom shall be elected by the Committee.
b) Members of the committee shall hold office for a period of three years provided that, one-third of the committee members shall retire every year but will be eligible for re-election.

c) If during the term of office of a committee, a vacancy occurs in the committee, the committee shall if the number of members drops below five (5), the committee may co-opt qualified member(s) into the committee until the next General Meeting.

39 ELIGIBILITY FOR MEMBERSHIP TO THE MANAGEMENT COMMITTEE

No person shall be eligible for membership in the Management Committee of the society if he/she:

a) Is not a member of the co–operative society;
b) Is under eighteen years of age;
c) Is unable to read and write;
d) Receives any remuneration, salary or other payments from the cooperative society save as in accordance with this Act;
e) Is a committee member in two other societies;
f) Is an undischarged bankrupt;
g) Is of unsound mind;
h) Has been convicted of any offence involving dishonesty or is sentenced to imprisonment for a term exceeding three months;
i) Has been convicted of any offence under this Act or rules made there under;
j) Has any un cleared debt owing to the society at the end of its financial year other than in respect of a loan granted under the provision of any rules made under the Act;
k) Is a person against whom any amount of money is due under a decree, decision or order or is pending recovery under the Act.

40 MANAGEMENT COMMITTEE MEETINGS

a) Meetings of the Management Committee shall be held regularly but up to a maximum of twelve (12) sittings annually. At least half (1/3) of the total number of members of the committee shall form a quorum for the disposal of business.
b) If a member of the committee fails to attend three consecutive meetings without being excused thereon, or otherwise fails to perform his duties, his position may be declared vacant and the vacancy filled as provided for in these by-laws.

41 RECORD OF BUSINESS OF THE MANAGEMENT COMMITTEE

All business discussed or decided at the Committee Meeting shall be recorded without erasures and corrections in a Minute Book, which within one week of the meeting, shall

be signed by the Chairman of the meeting and at least one other committee member who was present at the meeting, to indicate that in their opinion the minutes are a true and complete record of all matters discussed or decided at the meeting.
At the next meeting, after approving any alterations or variations, which shall be written 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.

42 DUTIES AND POWERS OF THE MANAGEMENT COMMITTEE

The Management Committee of the society shall subject to any directions from the General Meeting generally direct the affairs of the society. Its procedures, powers and duties shall be as prescribed by the Act, Rules and these by-laws. In particular, it shall:

a) Observe in all its transactions the Act, the Rules, these by-laws and prudent business practices.
b) Act upon all applications for membership.
c) Make provision for sufficient funds for loans to members.
d) Ensure that true and accurate records and accounts of the society's money, properties, capital reserves, liabilities, income and expenditure are kept and maintained;
e) Prepare and develop long term management plans and budgets for presentation at the General Meeting;
f) Propose to the General Meeting the amount and kind of surety bond, or other security, which shall be given by the member of the committee or employee having custody of or handling funds or property of the society.
g) Determine and recommend to the General Meeting the interest rates on loans, the maximum maturities and terms of payment or amortization of loans from time to time and the maximum amounts that may be loaned with or without security to any Member;
h) Cause the audited accounts to be displayed in a conspicuous place at its registered office and branches at least two weeks before presentation of accounts to its members at the General Meeting;
i) Lay before the General Meeting audited accounts, together with proposals for the disposal of net surplus, if any;
j) Recommend to the General Meeting the dividend rate to be paid on shares, if any, and interest to be paid on deposits;
k) Fill through co–option, vacancies occurring in the Management Committee between General Meetings;
l) Recommend investments of the society;
m) Authorize the conveyance of properties;
n) Authorize borrowing and lending operations of the society in accordance to the Act and the Rules;

o) Designate a depository or depositories for the funds of the society;
p) Employ and fix the remuneration of the employees in accordance with the terms and conditions of service as approved by the Commissioner;
q) Impose fines as provided for under these by-laws;
r) Approve transfer of shares;
s) Supervise the recovery and collection of loans from members and recommend to the General Meeting the write off of bad debts.
t) Perform or authorize any actions consistent with the Act, the Rules and these by-laws, unless specifically reserved for the General Meeting;
u) To provide adequate budget for education and training of members, the committee and staff; and
v) Perform such other duties as the General meeting may from time to time direct.

43 LEGAL STANDARD OF CARE

In the conduct of the affairs of the society, the members of the Committee shall exercise the prudence and diligence of ordinary men of business and shall be held jointly and severally liable for any losses sustained through any of their acts, or failure to act, which are contrary to the Act, the Rules, the By-laws or the directions of the General Meeting.

44 EXPENDITURE

No expenditure shall be authorized by the Management Committee unless it is provided for in the estimates formally approved by the General Meeting.

45 INDEMNITY

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

46 DECLARATION OF WEALTH

Every committee members shall within 30 days of being elected declare his/her wealth to the Commissioner in the prescribed manner.

47 SUB-COMMITTEES

a) The sub-committees shall consist of persons drawn from the Management Committee.
b) The Management Committee may delegate to the sub-committees some of its powers and duties under these by-laws as it deems fit.
c) These sub-committees shall convene as directed by the Management Committee.

48 DELEGATION TO EMPLOYEES

a) The Management Committee may delegate to any employee of the society such duties as it deems fit.

b) Nothing in (a) above shall absolve the Committee from its responsibility of running the affairs of the society in a proper and business-like manner.

49 EXECUTIVE OFFICERS

The Chairman, the Vice-Chairman, the Treasurer and the Honorary Secretary shall be termed as the "Executive Officers of the Society" and shall be elected at a meeting of the Management Committee held within seven (7) days after elections at the General Meeting.

50 THE CHAIRMAN

The Chairman shall:

a) Convene all the meetings of the society.
b) Prepare or cause to be prepared the agenda of the meetings.
c) Chair the meetings and control the business to be transacted at such meetings.
d) Direct the affairs of the society in conjunction with other elected officials.
e) Enforce all rules made by the committee and General Meetings.

51 THE VICE-CHAIRMAN

The Vice-Chairman shall perform: -

a) The duties of the Chairman during his/her absence.
b) Such other duties as may be directed by the Management Committee.

52 HONORARY SECRETARY

The duties of the Honorary Secretary are:

a) To record minutes of the Management Committee meetings, General Meetings and joint meetings with the Supervisory Committee.
b) To prepare and send notices of meetings.
c) To ensure that the society's correspondence is promptly and correctly attended to, and
d) To perform such other duties as may be directed by the Management Committee.

53 TREASURER

The duties of the Treasurer shall be:

a) To generally manage or cause to be managed the financial affairs of the society in a competent manner;
b) To ensure that a proper record is kept of all monies received and paid out by the society, its assets, liabilities, capital reserve and its income and expenses;
c) To ensure the safekeeping of the society money, securities and books of accounts;
d) To ensure that all payments and expenditures are dully authorized;
e) To ensure that within ten days after the closure of each month, a financial statement showing the condition of the society finances at the end of the receding month is prepared and submitted to the Management Committee for discussion;
f) To ensure compliance with all directions of the Management Committee, the Act, the Rules and these by-laws on all financial matters, and
g) To perform such other duties as may be directed by the Management Committee.

54 EDUCATION COMMITTEE

The Education Committee shall consist of three members including the Vice-Chairman who shall serve as its Chairman. Its duties shall be:

a) To organize education programs for members, committee members, staff and the general public.
b) To ensure that both the Committee members and the staff are well trained and prepared for the tasks they are entrusted with at the society.
c) To create co-operative awareness to the general public.

55 FINANCE AND INVESTMENT COMMITTEE

There shall be a finance and investment committee, which shall consist of three members who are members of the board.

The finance Committee shall be in charge of the money received and disbursed by the society and its duties shall include: -

a) Advising the Board of Directors on the financial position of the society.
b) Consider and advise the board on investment and borrowing.
c) Monitor the management's adherence to the procurement plans approved by the board.
d) Ensure all expenditure is within the approved budget.
e) Make recommendations to the board on capital expenditure projects.
f) Ensure that the SACCO has liquidity management policies as prescribed in the regulations.

56 HUMAN RESOURCE COMMITTEE

The human resource committee shall consist of three members appointed from the Board, with the Chief Executive Officer and Human Resource manager as ex-officio members.

Its duties among others shall be:

a) Governing and directing the human resource function of the society.
b) Review and make recommendations on appropriate Human Resource Policies
c) Review the organizational structure of the Sacco Society and ensure it's manned by staff with relevant skills and experience.
d) Ensure that periodic reviews of staff performance are conducted.
e) Examine and recommend Human Resource expenditure for approval by the Board.
f) Ensure establishment of management succession plan in the Sacco society.
g) Ensure the management adheres to the approved human resource and related policies

57 AUDIT COMMITTEE

a) The Audit Committee shall be constituted by the Board of Directors to review the financial condition of the society, it internal controls, performance and findings of the internal auditor and to recommend remedial actions.
b) The audit Committee shall consist of three directors, with the Manager and the internal audit manager as ex-officio members.
c) At least one of the board members shall be conversant with financial and accounting matters. The chairman of the board shall not be a member of Audit Committee.
d) The audit Committee shall report to the board 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.

58 LOANS COMMITTEE

The loans committee shall consist of three members who are the members of the board. Its duties shall include: -

a) Giving guidelines on how to dispatch loans
b) Come up with loan application forms
c) Give regulations and guidelines of applying for loans
d) Draft an insurance policy in case of death or default.

59 SUPERVISORY COMMITTEE

Without interfering in the administrative functions subjects to its control and supervision, the supervisory committee is responsible for the society's compliance and internal control oversight. It is responsible for the truth and accuracy of the society financial conditions and should ensure procedures are adequate to safeguard the members and the institutions rights and interests.

This committee shall consist of three members who are not employed by the society or serve on the management committee or any other committee of the society.

a) ELECTION OF THE SUPERVISORY COMMITTEE

i. The exercise shall be undertaken as per By-Law 37.

ii. In addition to all the qualifications of the management committee (See by law 39), the supervisory committee members shall be expected to have at least basic accounting knowledge.

iii. The terms of the office of the committee shall be three years with one member retiring annually.

b) DUTIES OF THE SUPERVISORY COMMITTEE

The duties of the Supervisory Committee shall include:

i. Counterchecking, the effectiveness of the society's internal control systems through: -

ii. Carrying out investigations as may be necessary for the well-being of society and members in general and verifying the accuracy of the transactions of the society.
iii. Checking if cash and bank accounts are reconciled in good time.
iv. Establishing whether the management of the society use managerial tools i.e. budgets, trial balances, economic reports, long term plans and others and thereafter making necessary recommendations to the Management Committee.
v. Preparation of periodic reports of its findings and present them to the Management Committee during joint committee meetings and prepare reports for presentation to the General Meetings respectively.
vi. Submission of its reports to the Commissioner.
vii. The Supervisory Committee shall be held liable for any loss incurred due to their negligence in performing their duties.

60 SUSPENSION FROM THE MANAGEMENT COMMITTEE

a) The Commissioner may suspend from duty any Committee Member charged in a court of law with an offence involving fraud or dishonesty pending the determination of the matter.
b) The majority of the Committee Members may suspend a Committee Member for;
c) Failure to disclose vested interests.
d) Any other good cause.

61 REMOVAL FROM THE MANAGEMENT COMMITTEE

A member of the Management Committee shall cease to hold office if he/she:

a) Ceases to hold qualifications of a Management Committee Member as specified in the Act, Rules and these By–laws;
b) Is removed by the Commissioner under the provisions of the Act;
c) Is voted out by two-thirds (2/3) majority of the society members present and voting at the General Meeting.

62 THE CHIEF EXECUTIVE OFFICER

The CEO shall conduct the business of the society subject to overall control of the committee. He/she shall be an *ex-officio* member of all Committees.
The CEO shall: -

a) Advise the Management Committee and other Committees in formulating the policies and programs of the Society and implement these after approval.
b) Supervise the work of all staff and ensure that the business of the Society is conducted in a proper manner.

c) 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 Management Committee and other Committees and also to the Commissioner.
d) Be responsible for the security of the funds and assets of the Society,
e) Ensure maintenance and custody of society books, accounts, assets, registers, certificates, society's seal, cheque books and other accountable documents,
f) Ensure that all statutory deductions such as NSSF, NHIF contributions and P.A.Y.E are correctly calculated and that all the amounts due and the necessary returns are submitted by the due date.
g) Ensure that rent, rates, levies and debts due from and to the Society are paid by the due date.
h) Recommend to the Management Committee the filing of any vacant positions and dismissal of any employee who is not performing his duties properly.
i) Attend General and Committee meetings as ex-officio. Perform such other duties as may be assigned to him by the management committee.
j) Perform such other duties as may be assigned to him/her by the management committee

63 BOOKS OF ACCOUNTS AND RECORDS

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

a) A register of members showing in respect of each member's:
   i. Name, age, date of application for membership, address and occupation;
   ii. Date of admission to membership;
   iii. Date of cessation of membership,
   iv. Name and particulars of nominees, and
   v. Any other information as may be required by the society from time to time.
b) Minute books giving details of proceedings of Management Committee, joint Management and Supervisory Committee, Supervisory Committee meetings and all other committee meetings held in accordance with these by-laws.
c) Minute book giving details of proceedings at the General Meetings.
d) A cashbook showing the details of all monies received or paid out by the Society.
e) A general ledger containing such accounts as is necessary to reflect the business of the Society.
f) A personal ledger for each member showing his/her transactions with the society.
g) A register of assets and property.
h) A register of loans to members showing in respect of each loan; the loan number, name of the borrower, the amount borrowed, the purpose of the loan, the due date of repayments and the date repayments were completed.

i) Such other books and records as the Management Committee may decide or that the Commissioner may prescribe.

64 REGULATIONS

a) The Management Committee may make such regulations, not inconsistent with these by-laws, as they deem necessary for the conduct of the society's business. Any such regulations shall be recorded in the minute book, and posted on the society's notice board and shall come into force when determined by the committee.
b) The society shall formulate a code of conduct for good governance.

65 AUTHORIZATION TO SIGN DOCUMENTS

a) All documents, contracts and cheques shall be signed on behalf of the society by any three of the following: Chairman; Vice Chairman; Secretary; and Treasurer.
b) The CEO shall countersign all the documents.
c) The Management Committee may authorize any other officer to sign the society's documents.

66 FINANCIAL YEAR

The financial year of the society shall be from 1ST Jan to 31st Dec.

67 DISPOSAL OF SURPLUS FUNDS

Subject to the Act, and approval by a General Meeting, the net surplus resulting from operations of the society during any financial year shall be disposed of as follows:

a) 20% shall be credited to the Reserve Fund.
b) The balance may be disposed of as decided by the General Meeting for:
    i. Paying bonuses or interest on shares.
    ii. Being forwarded to Education Fund or any other fund or funds of the society including the appropriations.
    iii. Paying honorarium to committee members.
    iv. In any other way approved by the General Meeting.

68 LOANS SCHEME

a) Notice shall be given to all members when the society intends to start a loan scheme.
b) All schemes of loans to members shall be subject to approval by the General Meeting.

69 APPLICATION AND GRANTING OF LOANS

a) All loans shall be applied for on application forms.
b) All loans shall be granted by the Management Committee.
c) Loans shall be considered in the order in which the application is made.
d) The applicant shall attach the necessary documents in support of the loan application.
e) The loan agreement between the borrower (member) and the society shall be in writing and shall be signed by the borrower and sealed on behalf of the society by the officers authorized to sign and affix the seal.
f) Where a certain fixed sum is available for loans, no loan to one person shall be for more than one tenth (1/10) of this sum.
g) Loans shall be granted by the committee subject to the credit limit.
h) The committee shall not grant a loan which in its opinion does not benefit the borrower in the immediate future or violates the objects of the society.
i) No loan shall be granted except for a specified and approved purpose, for a definite period of time and at a definite rate of interest.
j) Any request for an extension of time in which to pay shall be agreed to only in most exceptional circumstances such as natural calamities. Any extension so granted shall be treated as though it was a new loan and a new agreement shall be signed.

70 SECURITY FOR LOANS

a) The agreement form shall clearly state the amount of the loan, the rate of interest, the date of full repayment and the purpose of the loan, and the nature of the security provided which shall be mandatory.
b) Where one or more personal guarantors of a loan are required by the committee, the committee shall not accept as guarantor a member who is himself in receipt of a loan and has already guaranteed three loans.
c) No Management Committee member or a supervisory committee member shall act as an endorser or guarantor for borrowers from the society.

d) A borrower may apply to the committee for a change of guarantor.
e) The Management Committee shall request to be furnished with commensurate collateral to the loan applied for.
f) Any loan overdue for payment for more than three months shall be referred to the guarantors provided that the society shall give notice of such intention to the borrower and guarantors.

71 CASH RESERVE

Except as otherwise authorized by the General Meeting and approved by the Commissioner, a cash reserve shall be maintained of not less than ten percent (10%) of total share capital for the specific purpose of meeting requests for share withdrawals and other emergency pay-outs. The cash reserve may consist of cash in hand, the balance in the current and savings accounts, and fixed deposits.

72 COMMON SEAL

a) The society shall adopt and use a common seal bearing the words "seal of **KAFOVA SAVINGS & CREDIT COOPERATIVE SOCIETY LTD**" which shall be different from the ordinary name-stamp of the society,
b) The seal shall be kept securely under lock and key by the CEO and shall be used only in the presence of the officers authorized to sign documents on behalf of the Society.

73 FINES

For any breach of these by-laws or lawful instructions issued by the Management Committee and General Meeting, or failure of a member to pay his obligations on time, the member may be fined an amount not exceeding Kshs. 20,000.00

74 DISPUTES

If any dispute concerning the business of the society arises: -
a) Among members, past members and persons claiming through members, past members and deceased members; or
b) Between members, past members or deceased members, and the society, its committee or any officer of the society; or
c) Between the society and any other co–operative society; and

d) Any dispute arising from these by-laws or concerning the business of the society; which cannot be determined by the Management Committee or General Meeting shall be referred to the Tribunal.

75 INSPECTION OF DOCUMENTS

a) All books of accounts and other records shall at all times be available for inspection to all members of the management and supervisory committee of the society, and to the Commissioner. A copy of the Act, the Rules, the by-laws and the society's Registration certificate.
b) A list of members excluding details of nominees and shareholdings or loans shall be available for inspection by any member and any other stakeholder upon payment of the prescribed fees.

76 DISSOLUTION

The society may be dissolved in accordance with the procedures set forth in the Act and Rules.

77 MISCELLANEOUS

a) No Management Committee member or Supervisory Committee member shall receive from the society any payment apart from sitting allowance, actual cost of travelling and subsistence allowance while working on the Society's business, except an honorarium from the net surplus as allowed in these by-laws.
b) The Management Committee members, Supervisory Committee members 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 Management Committee in connection with the making of loans and the collection thereof.
c) When any Management Committee member is disqualified or otherwise, unable to perform his duties, the committee may co-opt another member or members of the society to serve on the committee until the next General Meeting.
d) A copy of these by-laws shall be furnished to every member on request upon payment of a fee not exceeding its actual cost to the society.
e) No Management Committee member, Supervisory Committee member or employee of the society shall in any manner participate in the deliberations upon or determination of any question affecting his own financial interest. In the event of disqualification of any such office bearer, executive officer, committee member or employee, he shall withdraw from such deliberation or determination, and the

remaining qualified committee members present at the meeting, if constituting a quorum without the disqualified person may exercise, with respect to the matter, all powers of the committee.

78 AMENDMENT OF BY-LAWS

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

79 ACCEPTANCE

We the undersigned Executive Officers of **KAFOVA SAVINGS & CREDIT SOCIETY LTD** named herein do hereby accept and receive these by-laws for and on behalf of the society.

TITLE	**NAME**	**ID NO**	**SIGNATURE**
CHAIRMAN	……	……..	……
VICE CHAIRMAN	……	……..	……

SECRETARY……. …… ……

TREASURER……. ……. . ……

80 OFFICIAL CERTIFICATION

I CERTIFY that the foregoing by-laws of the **KAFOVA SAVINGS & CREDIT CO-OPERATIVE SOCIETY LTD** have been approved and duly registered.

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

……

COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT