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# PORTS DT SAVINGS AND CREDIT CO-OPERATIVE LIMITED

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CS/1726

APRIL 7, 2023  
AMENDED BY-LAWS

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## **PART I – PRELIMINARY**

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

#### **1.1 NAME OF THE SACCO**

The name of the Sacco shall be **PORTS DT Savings and Credit Co-operative Limited** in these Bylaws referred to as "the SACCO".

#### **1.2 AREA OF OPERATION**

The SACCO's area of operation shall be The Republic of Kenya.

#### **1.3 CHANGE OF NAME OR AREA OF OPERATION**

The SACCO shall not change its name or area of operation, or propose the change of its name or area of operation except with a prior written approval of the Delegates Meeting.

### **2. INTERPRETATIONS AND DEFINITIONS**

#### **2.1 GENERAL INTERPRETATION**

In these By-Laws, unless the context otherwise suggests words or phrases shall be interpreted in accordance with the Sacco Societies Act, No. 14 of 2008 (hereinafter referred to as the Sacco Societies Act; the Sacco Societies (Non-Deposit Taking Business) Regulations, 2010 (hereinafter referred to as the Regulations, 2010; the Co-operative Societies Act (Cap 490) (hereinafter referred to as the Co-operative Societies Act; the Co-operative Societies Rules, 2004 (hereinafter referred to as the Co-operative Societies Rules.

#### **2.2 GENDER NEUTRALITY**

In these by-laws where the masculine gender is referred to, it will be construed to include the feminine gender.

#### **2.3 SPECIFIC INTERPRETATION**

In these by-laws save as otherwise expressly stated:

- i. "Apex Society" means a Society formed at the national level by the cooperative movement and \registered under the Co-operative Societies Act to promote cooperative development and represent the interests of co-operative societies locally and internationally.
- ii. "Authority" means the Sacco Societies Regulatory Authority (SASRA) established under section 4 of the Sacco Societies Act.

- iii. “Applicable Law” shall mean any other relevant law other than the Sacco Societies Act, and the Regulations, the Co-operative Societies Act, and the Co-operative Societies Rules, and these by-laws.
- iv. “Audit Committee”- Committee of the Board established as per the Regulations
- v. “Board of Directors” means the persons elected at a duly convened General/Zonal Meeting of the Society held in accordance with the Co-operative Societies Act, Co-operative Societies Rules, Sacco Societies Act, Regulations and these By-Laws, or in accordance with the provisions of any other applicable law hereinafter referred to as the “board”.
- vi. “BOSA” is an acronym “Back Office Services Activity” shall mean the Sacco activity that accepts members’ deposits/shares that are not readily withdrawable and gives loans.
- vii. “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.
- viii. “Commissioner” shall mean “the Commissioner for Co-operative Development as provided for in the Co-operative Act.”
- ix. “Core Capital” shall mean fully paid up members’ shares, capital issued, disclosed reserves, retained earnings, grants and donations all of which are not meant to be expended unless on liquidation of the Sacco.
- x. “Chief Executive Officer” or ‘CEO’ refers to the Chief Executive Officer of the Sacco.
- xi. “Cluster” means a group of members in a particular location or electoral zone from which a delegate is elected to represent members in that area.
- xii. “Common Bond” means only unifying factors that bring the members together as employment, occupation or profession. In this context, it shall include individuals or organizations approved by a Delegates Meeting.
- xiii. "Competent witness" means a person of sound mind and full age.
- xiv. “Corporate member” means a registered association, business, corporation, community/self-help group admitted to membership upon meeting the membership eligibility requirements.
- xv. “Delegate” means a representative of members elected within a designated cluster or electoral area.

- xvi. “Deposits” shall mean a sum of money paid on terms under which it shall be repaid, with or without interest or premium, and either on demand or at a time or in circumstances agreed by or on behalf of the person making the society to receive it at the risk of the society receiving it.
- xvii. “DT SACCO” is an acronym or Deposit Taking Savings and Credit Co-operative Society.
- xviii. "Deposit-taking business" has the meaning assigned to it in the Sacco Act.
- xix. “Dispute” has the meaning assigned to it under the Co-operative Act.
- xx. “Dividend” means the members’ share of the surplus of the SACCO which is divided amongst its members based on shareholding.
- xxi. “Electoral zone” means a designated place comprising of one or more of clusters in the Sacco’s area of operation within which members elect delegates.
- xxii. “Ethics Commission for Co-operatives” means the Ethics Commission for Co-operatives established pursuant to the provisions of the Public Officer Ethics Act, 2003.
- xxiii. “FOSA” is an acronym for Front Office Savings Activity (Deposit-Taking Sacco Business) that offers Withdrawable/demand deposit services including other counter services otherwise also referred to as “banking” services.
- xxiv. “General Meeting’ ’means a meeting (either “Annual” or “Special”) for all delegates (“Delegates Meeting”) duly convened by the SACCO to conduct its business; and include virtual or mixed physical and virtual Delegates Meeting.
- xxv. “Institutional Capital” means disclosed reserves, retained earnings, grants and donations all of which are not meant to be expended unless on liquidation of the SACCO.
- xxvi. “Long term deposits” means the deposits that are Withdrawable only upon the resignation of a member or maturity of its term.
- xxvii. “Liquid funds” means cash and deposits with a maturity of not more than 12 months.
- xxviii. “Management” refers to person(s) who are appointed to positions of responsibility and are in charge of the day-to-day running of the Sacco.
- xxix. “Member” means a person, an institution or a co-operative admitted to membership after registration in accordance with these By-Laws and the Sacco’s Membership Policy.

- xxx. “Members of the immediate family” when used in these By-laws, includes, but is not limited to a spouse or other family member living in the same household or under the direct influence of the officer, member or employee of the Sacco.
- xxxi. “Member in good standing” means a member who is current on the repayment of his/her loan repayments due to the Sacco 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 Sacco and has fully complied with the policies and rules set by the Sacco.
- xxxii. “Minors” shall mean persons who are not up to 18 years of age but who benefit from some of the products and services of the Sacco.
- xxxiii. “Non-Withdrawable deposits” means all the members’ deposits not available for withdrawal for the duration of the membership of a member in the SACCO, and which deposits may be used as collateral against borrowings and domestic money transfer services only.
- xxxiv. “Net Surplus” means the amount of income in excess of expenses of the Sacco. It is the amount computed before any allocation is made for members’ dividends and/or interest to be paid on shares.
- xxxv. “NACOS” means National Cooperative Organizations.
- xxxvi. “Nominee” means a person appointed by the member to inherit the shares, deposits and other interests in the Sacco upon the death of that member.
- xxxvii. “Officer” has the meaning assigned to it in the Sacco Societies Act and the Regulations.
- xxxviii. “Outlet” Shall refer to physical branch, virtual, agency, satellites, diaspora and any other point of contact as allowed by law.
- xxxix. “Personal Representative” means any person who, under law or customs, is responsible for administering the estate of a deceased person.
- xl. “Rules” mean the Rules made by the cabinet secretary in charge of Co-operative Development and include the Co-operative Societies Rules, 2004 and subsequent amendments
- xli. “Regulations” means the Regulations made by the cabinet secretary in charge of Co-operative Development and includes the SACCO Regulations, 2010 and subsequent amendments.

- xlii. “Returning officer” is a person appointed to oversee or conduct the elections of a co-operative society at a Delegates Meeting.
- xliii. “SACCO” means Savings and Credit Co-operative Society.
- xliv. “SACCO Act” means the SACCO Societies Act, 2008 and subsequent amendments
- xlv. “Share” means the amount represented by a member’s portion in the equity of a Society as a co-owner”
- xlvi. “Share Capital” shall mean members’ equity in the form of issued and fully paid up shares of common stock
- xlvii. “Supervisory Committee” means an oversight committee elected at a Delegates meeting.
- xlviii. “Satellite office” means a central place or other approved offices from where members of an area electoral zone may access loans and other authorized services.
- xlix. “Subsidiary” means any organization that is wholly or partly owned by PORTS DT Sacco.
  - 1. “Special Resolution” means a resolution passed by two thirds of the members present and voting at a Delegates Meeting of the Sacco.
  - li. “Spouse” shall mean either husband or wife/wives of an active member.
  - lii. “Strategy” Shall mean a ploy, road map, plan designed to achieve long-term goals
  - liii. “The Sacco” means **PORTS DT SACCO Limited**.
  - liv. “Tribunal” shall mean the Co-operative Tribunal established under the Co-operative Act to hear and determine disputes.
  - lv. “Withdrawable Savings’ or ‘Savings’ means deposits payable on demand.
  - lvi. “Written law” means any written law for the time being in force in Kenya.

## 2.4 QUESTIONS CONCERNING WORDS AND PHRASES IN THESE BY-LAWS

Any questions concerning interpretation of or clarifications on these By-Laws or any matters not provided for herein, errors and omissions shall be referred to the Authority or Commissioner as is applicable.

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

#### **3.1 HEAD OFFICE LOCATION**

The registered office of the Sacco shall be located and situated at Ports DT Co-operative Building on plot Block No. XIX/232 along Mwakilingo Road off Cannon Towers, Mvita Sub County MOMBASA County.

#### **3.2 POSTAL AND ELECTRONIC ADDRESSES**

The Postal Address of the SACCO shall be c/o Postal address; P.O BOX 95372, **Mombasa** and the official email address; [info@portsacco.co.ke](mailto:info@portsacco.co.ke) the official website shall be: [www.portsacco.co.ke](http://www.portsacco.co.ke) and the Official telephone numbers shall be +254 (0) 111 173 000.

#### **3.3 CHANGE AND RELOCATION OF SACCO'S HEAD-OFFICE**

The SACCO shall not change or relocate its registered head-office or any other place of business, except with a prior written approval of the Authority.

#### **3.4 NOTICE OF CHANGE OF ADDRESS**

A notice of any changes in the postal and/or physical address and/or any other official address of the SACCO, including official electronic addresses (email, website and telephone) shall be furnished to the Commissioner; the Authority, and to all members of the SACCO through their last known address as per records held at the SACCO, within thirty (30) days of such changes.

#### **3.5 OPENING, RELOCATION AND CLOSING A PLACE OF BUSINESS**

The Sacco shall seek a written approval from the Authority to open and operate a place of business, other than its head office, including a branch, marketing office, satellite office or an outlet or close or relocate a place of business.

## **PART II-OBJECTS AND OPERATING PRINCIPLES**

### **4. OBJECTS OF THE SACCO**

#### **4.1 GENERAL OBJECTS**

The objects for which the SACCO is established is to organize and promote the quality of life of the members by providing quality financial products and services.

#### **4.2 SPECIFIC OBJECTS**

In particular, the SACCO shall;

- i. Promote thrift among its members by affording them an opportunity for accumulating their savings and deposits and providing them with credit exclusively for provident and productive purposes, at fair and reasonable rate of interest; thereby enabling them to use and control their money for their mutual benefit.
- ii. To offer to the members complementary Savings and Credit in form of Front Office services Activity (FOSA) and a diversity of other financial products as may be required by members from time to time
- iii. Ensure personal growth through the introduction of new financial products and services that will promote the economic base of the members.
- iv. Ensure progress of members and SACCO through continuous education programs on savings and proper use of credit, reduction of poverty, human dignity and co-operation.
- v. Ensure safety and soundness of the members' funds through appropriate insurance or risk management programs.
- vi. The Sacco may operate a benevolent fund, insurance services and advisory for its members.
- vii. Provide secure digital platform and such other management information systems to enhance service delivery for benefit of members.
- viii. Apply the co-operative principle of co-operation among co-operatives in order to promote members' interests, and in furtherance to this and other objects, the SACCO may affiliate to the relevant National Co- operative Union and the Apex society.
- ix. For the attainment of all or any of its objects, do any other activity that are permissible under the Sacco Societies Act and the Regulations; the Co-operative Societies Act and the Co-operative Rules; and these By-Laws; and all such other

activities as are incidental or consequential to the economic enhancement of its members interests provided such activities are approved by the Delegates Meeting.

#### **4.3 PROHIBITED BUSINESS**

Notwithstanding the general and specific objects herein above, the SACCO shall not engage in;

- i. Foreign Trade operations.
- ii. Dealing in crypto currencies.
- iii. Trust operations.
- iv. Investing in enterprise capital beyond the prescribed limit.
- v. Purchasing or otherwise acquiring any land except as may be reasonably necessary for the purpose of expanding the Sacco business beyond the prescribed limits.
- vi. Transacting business with non-members.
- vii. The establishment of a corporate body or any other legal entity as its subsidiary, except with a written approval from the authority and in accordance with the Sacco societies act and the regulations.
- viii. Any other activity or business as the Authority may generally or specifically direct.

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

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

#### **5.1 PRINCIPLES**

##### **i. Voluntary and Open Membership.**

The Sacco aims at serving its members as well as non-member where applicable in a prudent and effective manner. As such admission to membership is done on voluntary basis without any form of discrimination to all who can contribute to, and benefit from its activities.

##### **ii. Democratic Member Control.**

The Sacco shall be a democratic and participatory organization actively controlled by its members. These entails equal voting rights, on a one member, one vote basis. Administration of the Sacco's affairs is conducted and control is exercised in a suitable

democratic manner. The same democracy applies in decision-making and policy formulation.

**iii. Economic Participation by Members**

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

**iv. Education, Training and Information.**

The Sacco shall foster reciprocal, continuous education programs for members, board members and staff, so they can teach and learn from each other in understanding and carrying out their respective roles. The Sacco shall also have a responsibility to inform the public about the nature and benefits of the Co-operative movement.

**v. Co-operation among Co-operatives.**

In order to advance the interest of its members and their communities, the Sacco shall interact with other Co-operatives in every practical way to attain universal systems of operations locally, nationally and internationally.

**vi. Autonomy and Independence.**

The Sacco shall be an autonomous, mutual-help organization controlled by its members. Any agreement with government and other organization is facilitative and is done freely, on mutually acceptable terms that ensure the autonomy of the Co-operative.

**vii. Concern for Community in General.**

It is from defined communities that Co-operatives thrive. While focusing on member's needs, the Sacco shall strive for the sustainable development of those communities through policies that are respectful of the environment and acceptable to the community.

**5.2 VALUES**

The SACCO shall in all its activities and operations uphold the Co-operative Values of self-help, mutual responsibility, equality, and equity; and practice the Co-operative Ethical beliefs of honesty, openness, and social responsibility. In addition, the Sacco shall embrace the core values as enshrined in the strategy.

## **PART III – MEMBERSHIP**

### **6. MEMBERSHIP COMPOSITION**

#### **6.1 TYPES OF MEMBERSHIP**

The membership of the SACCO shall consist of:

- a) Original members who signed the application for registration.
- b) New members subsequently admitted in accordance with these by - laws.

#### **6.2 QUALIFICATION FOR MEMBERSHIP BY NATURAL PERSONS**

A person who possesses the following qualification shall be eligible for Membership:

- a) Is within the field of membership consisting of the following common bond;

**Is an employee of the following:**

- i. Kenya Ports Authority and her affiliated staff welfare clubs, associations and pension schemes.
  - ii. Kenya Maritime Authority.
  - iii. Kenya Coast Guards Service.
  - iv. Kenya Defense Forces.
  - v. Bandari Maritime Academy.
  - vi. Approved Unions such as Dock workers' union, Kenya Seafarers Union, Kenya Seamen's Union.
  - vii. Maritime and logistics companies, Blue economy and allied sectors.
  - viii. National and County Governments.
  - ix. Government agencies and Parastatals.
  - x. Registered Private and Public companies.
  - xi. Public and private schools.
  - xii. Any other vetted legal entity.
- b) Is an employee of the Sacco or any related investment of the Sacco.
  - c) Is a retiree from (a) and (b) above who choose to retain their membership.
  - d) Has attained the age of 18 years.
  - e) Is of good character and sound mind.
  - f) Pays the entrance fee and share capital as prescribed in membership policy.
  - g) Is in employment or in business within the Sacco's area of operation.

### **6.3 QUALIFICATIONS FOR MEMBERSHIP BY INSTITUTIONS**

Subject to compliance with the provisions of the Co-operative Societies Act and these By-laws, an institution, whether corporate or unincorporated, may be eligible for membership of the Sacco, if the institution:

- a) Is duly registered or incorporated under any applicable law relating to its registration or incorporation.
- b) Has resolution of its governing organ to join the Sacco including names of members, office bearers and individuals authorized to transact on behalf of the institution.
- c) Has a written constitution, by-laws, memorandum and articles of association or any other constitutive instrument, as may be applicable to the institution; and pays the entrance fee and subscribes to the minimum share capital as may be prescribed for institutional members in these by-laws or membership policy.

### **6.4 PROHIBITION AGAIST DUAL MEMBERSHIPS**

No member of the SACCO shall belong to more than one SACCO serving similar purpose or objectives.

### **6.5 APPLICATION FOR MEMBERSHIP**

Every applicant for membership shall complete **an Application for Membership Form**; This **Form** shall require the applicant to disclose all the details and information necessary for the registration of a member, as well as comply with the international best practices on customer due diligence.

### **6.6 ADMISSION INTO MEMBERSHIP**

An applicant shall be admitted to membership of the SACCO on application and upon payment of an entrance fee and purchase of minimum shares as shall be fixed by the Delegates Meeting from time to time.

### **6.7 MEMBERS' NAMES TO BE ENTERED INTO THE MEMBERS REGISTER**

Upon admission into the membership of the SACCO, the member's name and other particulars shall be entered in the membership register and a unique membership number issued to the member.

### **6.8 MINIMUM CONTENTS OF THE MEMBERS' REGISTER**

The Members' Register shall be maintained and shall at the minimum contain the following information and details for each member;

- i. The name of the member in full.
- ii. The unique number assigned to the member.

- iii. The national identity card number or passport number of the member or any other national identification number assigned to the member pursuant to any applicable law.
- iv. The Personal Identification Number (PIN) of the member issued by the Kenya Revenue Authority.
- v. The number of shares subscribed to by the member.
- vi. The total value of the shares subscribed to by the member.
- vii. The gender of the member.
- viii. The date of birth of the member.
- ix. The addresses of the member including postal, physical, mobile telephone number, email address or other electronic addresses.
- x. The names and addresses of the next of kin of the member; and
- xi. Any other information or details as the Authority may prescribe or direct.

#### **6.9 THE ELECTRONIC MEMBERS' REGISTER**

The SACCO shall at all times maintain a members' register in an electronic format using a Management Information System (MIS) that conforms to the requirements of applicable laws.

#### **6.10 BOARD OF DIRECTORS TO ADMIT MEMBERS**

Members shall be admitted to the SACCO by the Board of Directors subject to these bylaws, policies and any other relevant legislation.

Members shall be admitted as per provisions of bylaw 6.8 above.

#### **6.11 MEMBERS ENTITLED TO COPY OF BY-LAWS**

Upon admission into the membership of the SACCO, a member shall be entitled to receive a copy of these By-Laws in an appropriate electronic format through the member's disclosed electronic address; provided that upon request in writing a member shall be supplied with a physical or hard copy of the By-Laws upon payment of a fee not exceeding its actual cost.

#### **6.12 REFUSAL OF ADMISSION**

The Board of Directors may refuse admission to the membership of the SACCO:

- a) To any person or institution applying for membership, and shall assign reasons for such decision; provided that a person or institution, if otherwise eligible for membership, shall have the right to appeal to the next Delegates Meeting through a delegate.

- b) Any such appeal must be supported by at least 50 or 1/3 of the total delegates whichever is less. The decision of the Delegates Meeting on the matter shall be final.

### **6.13 RIGHTS OF MEMBERS.**

Subject to these by-laws, policies, standards values and procedures, all members shall have the right to use Sacco's services and exercise the rights established by the Act, the Rules and these by-laws. In addition, a member shall have the right to:

- a) To attend and participate at members' electoral zone meetings.
- b) Elect or be elected as a delegate/official of the Sacco unless otherwise prohibited by any other law or these by-laws.
- c) Enjoy the use of all the facilities and services of the Sacco subject to the Sacco's by-laws.
- d) Submitting projects or initiative to the Board of Directors, for the improvement of the Sacco Services.
- e) Patronize the Sacco's services according to the policies and procedures.
- f) Access all legitimate information relating to the Sacco, including registers, minutes of the Delegates Meetings, Supervisory Committee reports, annual accounts and inventories, investigation reports, at the registered office of the Sacco, subject to the Sacco's policies and regulations in force at the time.
- g) Vote on all matters put before the electoral zone.
- h) To be furnished with a free statement for each account that provides adequate details of each transaction made during the period on a bi-annual basis or upon request by a member, through an electronic media to the members' disclosed electronic address.
- i) A full and accurate disclosure of the minimum lending terms, legal obligations and requirements of either party, including the amount to be financed; the finance charges, such as the interest rate, fees and any other charges that may be imposed; the interest computation method (variable, fixed, flat or reducing) and the date interest charges begin to accrue; the conditions for refinancing of loans; frequency of issue of statements; and the collateral or security required to secure the lending.
- j) A full and accurate disclosure of the method employed to calculate any dividends payable on shares and interest payable on non-withdrawable deposits; and the

frequency of the dividend or interest calculation and the time the dividends or interest are paid or credited to an account.

- k) Appoint a nominee.
- l) Participate in sharing Sacco's surplus.
- m) Any other right as may be conferred upon the member by the Co-operative Societies Act, the Sacco Societies Act, the Regulations, these By- Laws and any other applicable law.

A member is entitled to the enjoyment of the rights stipulated under article (6.13) (a-m) if such a member is in good standing with the Sacco and has paid an entrance fee and minimum prescribed shares as may be prescribed in the Membership Policy.

#### **6.14 OBLIGATIONS OF MEMBERS**

A member of the SACCO shall have the obligation to;

Observe and comply with all the SACCO's By-Laws and decisions taken by the relevant organs of the SACCO or any directive issued by the Authority to the SACCO pursuant to any written law;

- a) Ensure that only fit and proper members are elected to the Board of Directors and the Supervisory Committee.
- b) Buy and pay up for shares or make any other regular payments provided for in these By-Laws.
- c) Meet the debts of the SACCO in case of insolvency in accordance with the provisions of the Co-operative Societies Act and these By-Laws; and
- d) Liable for the Sacco's indebtedness in case of insolvency in accordance with the Act and these by law.
- e) Be faithful and honest in all their dealings with the Sacco.
- f) Inform the Chief Executive Officer in writing of change of their electoral zone whenever they do so change.
- g) Observe the code of conduct and ethics for cooperative societies and in particular desist from any corrupt practices in all dealings with the Sacco.
- h) Refrain from engaging in the business of money lending in competition with the Sacco.
- i) Protect the image of the Sacco and avoid unnecessary publicity, incitement or careless talk that can injure the reputation of the Sacco.

- j) Attend meetings and education forums and take part in decision-making.
- k) Notify non-members and encourage them to join the Sacco.
- l) Any other obligation imposed by the Co-operative Societies Act, the Sacco Societies Act, the Regulations, these By-Laws and any other applicable law.

#### **6.15 MEMBER'S PERSONAL STATEMENT**

Every member shall receive periodic statements at least once every six months, which shall detail of each transaction made during the period or upon request by a member, through an electronic media to the members' disclosed electronic address.

#### **6.16 MODE OF PAYMENT:**

The Sacco shall be using cash, Mobile Money transfer system, direct bank deposits, standing orders and “check-off system” for those in employment for payment on members’ shares, deposits, loan repayments and any other payments.

#### **6.17 TERMINATION OF MEMBERSHIP**

Membership in the Sacco shall cease or deemed to have ceased in regard to any member from the date of:

- a) Death.
- b) Withdrawal.
- c) Expulsion.
- d) Being certified to be of unsound mind.
- e) Withdrawing all his deposits and transferring shares to another member.
- f) Failure to remit Deposit contributions and loan repayments as per the membership policy.
- g) Ceasing to hold qualification for membership as specified in these by-laws.

#### **6.18 LIMITATION OF MEMBER'S RIGHT**

The SACCO may limit a member's right:

- a) To be elected to a position of leadership in the SACCO in case of the member's failure to remit any regular savings and loan repayments for any period without valid reasons or leave of the SACCO; or
- b) Of access to any or all of the financial services or products offered by the SACCO, if directed to do so by the Authority or pursuant to any written law.

## **7. SUSPENSION AND EXPULSION FROM MEMBERSHIP**

### **7.1 GROUNDS FOR SUSPENSION**

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

- a) Fails to fulfill his/her obligations to the Sacco whether stated in these by-laws, general internal regulations, a resolution of the Delegates Meeting or in contravention of any other legal document or other written law.
- b) Is a member of another Sacco having similar objects.
- c) Acts in any manner prejudicial to the interests of the Sacco.

### **7.2 PERIOD FOR SUSPENSION OF MEMBERS**

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

### **7.3 PROCEDURE OF SUSPENSION AND EXPULSION**

Upon formal and written proof that a member has committed a violation punishable by expulsion, the board shall

- a) 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; which may include;
  - i. Suspension of the member, pending consideration of a recommendation for expulsion by the Delegates Meeting; or
  - ii. Imposition of any other punishment as may be prescribed in these By-Laws or as may be directed by the Delegates Meeting from time to time.

### **7.4 RIGHT OF APPEAL TO DELEGATES MEETING**

- a) A suspended member may appeal to the delegates meeting if not satisfied with the decision of the Board.
- b) The final decision shall be made at the Delegates Meeting. The Delegates Meeting may:
  - i. Reinstate the member.
  - ii. Confirm the suspension and consequently expel the member.
  - iii. Take any lawful action.

## **7.5 APPEAL TO THE TRIBUNAL**

A member of the SACCO who is dissatisfied by the decision of the Delegates Meeting, or is expelled from the SACCO shall have the right to appeal to the Tribunal.

## **8. WITHDRAWAL FROM THE SACCO**

### **8.1 NOTICE OF WITHDRAWAL FROM MEMBERSHIP**

- a) A member may at any time withdraw from the Sacco by giving at least sixty (60) days written notice.
- b) No member shall be allowed to withdraw from the Sacco unless his outstanding loans are repaid in full. Such a member will also have to satisfy the Sacco that all the loans guaranteed have been paid in full or alternative guarantors have been provided.

### **8.2 REFUND OF NON-WITHDRWABLE DEPOSITS UPON WITHDRAWAL**

The SACCO shall refund to a member the amount accumulated in the member's non-withdrawable account within sixty (60) days of receiving the written notification of the member to withdraw from membership.

### **8.3 PARTIAL WITHDRAWAL PROHIBITED**

Partial withdrawal of Non-Withdrawable deposits from the Sacco shall not be allowed under any circumstance.

### **8.4 PAYMENT ON CESSATION OF MEMBERSHIP**

- a) Withdrawal, expulsion or termination of membership shall not exonerate a member from any existing personal or membership liability.
- b) On cessation of membership, a person shall be refunded the following amounts after deduction of any debts owned by him to the Sacco as borrower, endorser, guarantor, or otherwise:
  - i. Non Withdrawable deposits however, the committee may require a maximum of sixty (60) days written notice of intention to withdraw deposits.
  - ii. Any dividends or interest due prior to the cessation date.
  - iii. Any other funds other than shares held by the Sacco on his/her behalf.

## **9. MEMBERS' NOMINEE(S)**

### **9.1 MEMBERS TO NOMINATE NOMINEES**

- a) Every member of the SACCO shall on admission into membership be required to nominate in writing one or more persons as the member's nominee(s); and every such nomination shall be attested by at least two witnesses who are members of the SACCO.
- b) Where more than one nominee is appointed by a member, the member shall specify the amount or proportion of shares / deposits to be transferred to each nominee. Provided, however, that where no amount is specified each nominee shall receive an equal share.

### **9.2 MEMBER MAY CHANGE NOMINEE(S)**

- a) A member shall have the right to change the nominee(s) in writing, in the presence of at least two attesting witnesses who are members of the SACCO.
- b) The names of the nominee(s) submitted by members and any changes made in respect thereof, shall be entered in the nominees' register maintained in accordance with these By-Laws.

### **9.3 NOMINEE REGISTER**

The SACCO shall at all times keep an updated nominees' register stating inter-alia the age, relationship with the member and the name of the guardian where nominee(s) is a minor, provided that the nominee register shall be maintained in an electronic format using a Management Information System (MIS) that conforms to the requirements of applicable law.

### **9.4 PAYMENT TO UNADMITTED NOMINEE(S)**

The SACCO shall, upon obtaining such documentary proof of the death of a member, pay to the deceased member's nominee(s), the value of the deceased member's deposits, interest and dividend after deducting monies owed to the SACCO, if any, within one hundred and eighty (180) days. The Sacco shall;

- a) When a member dies intestate, the final benefits will be paid to a validated personal representative.
- b) Where a nominee does not exist and the personal representative cannot be verified by the Sacco, the deceased dues shall be paid to the nearest public trustee or the

matter shall be referred to subordinate courts or tribunal if it constitutes a dispute or transferred to Unclaimed Financial Assets Authority.

- c) In case the nominee is a minor, the Sacco shall act as trustee to the fund until such a time he or she is deemed fit to administer the finances. However, installments may be paid towards necessities of the nominee upon approval by the board.

#### **9.5 DISCHARGE OF A NOMINEE**

After paying the nominee(s) the value of the deceased member's deposits or interest, less any sums due by the latter to the Sacco, the nominee's obligations by the Sacco shall be discharged.

#### **9.6 NOMINEE'S ADMISSION INTO MEMBERSHIP**

A nominee shall not have the option to be admitted to membership unless he makes his application on his own right. On admission to membership of such a nominee, the shares, deposits and interest or dividend due to the deceased member shall be transferred to the account of that nominee, and the account of the deceased member shall be closed down forthwith.

## **PART IV SOURCES AND APPLICATION OF FUNDS**

### **10. FUNDS OF THE SACCO**

#### **10.1 SOURCES OF FUNDS**

The funds of the Sacco shall consist of:

- a) Core Capital which shall comprise: -Paid up members' shares, Retained Earnings (Disclosed Reserves, Grants and Donations)
- b) Income which shall comprise: - Interest, fees and charges, penalties, and commissions, Entrance fee, any donations, grants or gifts from other bodies, organizations or individuals and funds obtained from other lawful miscellaneous sources.
- c) Liabilities, which include deposits from members and borrowings from other sources as may be prescribed by the Authority.

#### **10.2 CAPITAL ADEQUACY REQUIREMENTS**

The Sacco shall at all times maintain capital adequacy requirements as prescribed in the regulations which shall comprise of;

- a) Core Capital of not less than ten million shillings.
- b) Core Capital of not less than ten percent of the total assets.
- c) Core capital of not less than eight percent of the total Non-Withdrawable Deposits.
- d) Institutional capital of not less than eight percent of the total assets.

#### **10.3 HIGHER CAPITAL ADEQUACY**

The SACCO shall however maintain a higher capital adequacy threshold if required or directed to do so by the Authority in accordance with the Sacco Societies Act and regulation 10 of the Regulations, 2010.

#### **10.4 LIQUIDITY MANAGEMENT**

The SACCO shall at all times maintain a liquidity ratio of not less than ten (15%) percent of its savings deposits and short-term liabilities in liquid assets or such other higher liquidity ratio in accordance with a Liquidity Policy prepared in accordance with regulation 13 (1) of the Regulations, 2010. In addition, the board of directors shall:

- a) formulate the liquidity policy to monitor liquidity for the Sacco in accordance with the regulations 2010.

- b) Put in place a contingency plan to handle liquidity matters. The plan shall include procedures for making up liquidity shortfalls in emergency situations and back-up liquidity strategy for circumstances in which the normal approach to funding operations are disrupted.

#### **10.5 APPLICATION OF SACCO FUNDS**

The funds of the Sacco shall only be applied to the promotion of the stated objects of the Sacco as set forth in these by laws, and shall be invested in:

- a) Such investments and Securities issued or guaranteed by the government or any agency of the government.
- b) Deposits obligations or other accounts of deposit taking institutions under the banking Act.
- c) Shares, stocks, deposits in, loans to or other obligations to any Sacco or Co-operative Society.
- d) Properties and Equipment for purposes of Sacco business.
- e) Loans granted to members.

#### **10.6 INVESTMENTS**

The Sacco shall have a written Investment policy consistent with the relevant provisions of the Co-operative Act, Rules, the SACCO Act, Regulations and any other applicable laws.

#### **10.7 RESTRICTIONS ON INVESTMENTS**

The Sacco shall only invest in non-earning assets or property and equipment, and financial investments to the extent permitted by the Regulations and in particular:

- a) The SACCO shall not make financial investments in non-government securities, including investments in equities, collective investment schemes, bonds, commercial papers and notes, or derivatives, or equities of a subsidiary or a related entity, in excess of forty (40%) per-cent of its core capital or five percent of its total liabilities.
- b) The Sacco shall not invest non-earning assets or property and equipment, in excess of ten percent of Total assets, of which land and buildings shall not exceed five percent unless a waiver has been obtained from the Authority.
- c) Investments under sub article 10.1(a-d) above shall not in the aggregate, exceed such proportion of total assets, core capital and deposits of the Sacco as prescribed in the Regulations.

## **10.8 ANNUAL BUDGET ESTIMATES**

The Board of Directors shall prepare and submit to the Delegates Meeting of the SACCO for approval, with or without amendments, the proposed estimates of income and expenditure together with the Capital Expenditure Budget for the ensuing financial year, at least three (3) months before the commencement of the ensuing financial year.

## **10.9 EXPENDITURE, RECEIPT OF MONIES AND DISBURSEMENTS**

No expenditure shall be authorized to be incurred or incurred by the Board of Directors and/or Management of the SACCO, unless such expenditure has been specifically provided for in the estimates formally approved by the Delegates Meeting and where need arises, a Special Delegates Meeting prior to incurring any expenditure shall approve a supplementary budget prepared by the board; and

- a) all monies received by the SACCO shall be recorded and reconciled accordingly with the evidence as provided in the approved policies and procedures manuals; and
- b) all payments made by the SACCO shall be recorded and evidenced as provided for in the approved policy and procedure manuals.

## **10.10 FINANCIAL YEAR OF THE SACCO**

The Financial year of the SACCO shall commence on 1<sup>st</sup> January and shall end on 31<sup>st</sup> December of each year in accordance with the provisions of the Co- Operative Societies Act and the Sacco Societies Act.

## **11. SHARES OF THE SACCO**

### **11.1 PRESCRIBED MINIMUM SHARES**

- a) The nominal value of each share shall be Ksh.20.00 and every member shall hold not less than 2,000 shares as per the payment plan stipulated in the membership policy.
- b) No member shall hold more than 20% of the total shareholding. However, the Board of Directors may set a maximum amount that a member may purchase at a particular instance as provided in the policy.
- c) A member who holds at least fifty shares may access/patronize all products and services on offer by the Sacco but shall not enjoy full rights of membership until he/she has attained the minimum number of shares as stipulated in the membership policy.

### **11.2 MAXIMUM SHAREHOLDING**

No member of the SACCO shall hold more than one-fifth (1/5th) of the total shares of the SACCO at any one point.

### **11.3 TRANSFER OF SHARES.**

- a) With the approval of the Board of Directors, a member of the SACCO may at any time transfer the shares held by the member, to another member provided that such transfers shall be in writing and at nominal value.
- b) No member shall be permitted to reduce his shareholding below the minimum at all.

### **11.4 REGISTRATION OF TRANSFER OF SHARES**

All transfers of shares shall be registered with the SACCO. No transfer shall be valid unless it is so registered. The transfer fee equivalent to 5% of the par value of the share or Ksh 20,000/- whichever is lower or such other sums as may be fixed by the Delegates Meeting from time to time, shall be payable by the transferee for each such transfer.

### **11.5 LIMIT OF LIABILITY OF MEMBERS SHARES**

The liability of each member of the SACCO shall be limited to the nominal value of the shares held by the member.

### **11.6 SHARE TO BE BASIS OF DISTRIBUTION IN LIQUIDATION**

In the event of liquidation of the SACCO, where available funds are insufficient to pay the full nominal value of the shares held by members, the funds shall be distributed pro-rata among the shareholders according to the amount of shares held by each.

### **11.7 SHARES TO ATTRACT DIVIDENDS**

The SACCO may;

- a) Pay dividends on the shares held by its members based on financial performance for the year; subject to compliance with the regulatory requirements prescribed in the Sacco Societies Act and the Regulations and approval of the Delegates Meeting; and
- b) The shares of the SACCO held by any member shall attract dividends whenever declared in favor of the member so long as such member's share capital remains in the SACCO; and
- c) Notwithstanding that such member may have withdrawn from membership of the SACCO and the member's Non- Withdrawable deposits refunded.

## **12. POWER TO BORROW**

### **12.1 RESTRICTIONS ON BORROWING**

Subject to compliance with the provisions of the Sacco Societies Act; the Regulations, Co-operative Societies Act; the Co-operative Societies Rules; and any other applicable law; the SACCO may borrow from other SACCO Societies, Government, securities market and other financial or development institutions subject to the maximum

borrowing powers approved by the Delegate Meeting and the commissioner, provided the total external borrowing by the Sacco does not exceed the limit prescribed in the Regulations , and

- a) The rate of interest on the loans shall not exceed the prevailing market rates.
- b) Provided that loans obtained for purposes of on lending to members shall be advanced to members at the rate of not less than 2% above the interest rate at which the loan was obtained.

## **12.2 SECURITY FOR LOANS**

For the securing of any loans accepted by the Sacco under Sub article (12.1) above the Sacco may grant a charge over its assets. The authority to grant a charge shall be reserved to the Delegates Meeting subject to approval by the commissioner.

## **12.3 STATUTORY RESERVE FUND**

The Sacco 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 any net surplus resulting from the operations of the Sacco during a financial year. The reserve fund shall;

- a) be invested in the manner provided for in these by-laws.
- b) be indivisible and no member shall be entitled to claim a specific share of it.
- c) No withdrawal shall be made from the fund without the approval of the commissioner.

## **PART V - GOVERNANCE OF THE SACCO**

### **13. GOVERNANCE STRUCTURE**

The Sacco's governance structure shall comprise of the members who are owners of the Sacco, elected delegates, the board and supervisory committees, and management.

#### **13.1 SUPREME AUTHORITY VESTS IN THE DELEGATES MEETING**

The supreme authority of the SACCO shall be vested in the Delegates Meeting.

#### **13.2 COMPOSITION OF THE DELEGATES MEETING**

- a) The Delegates Meeting of the SACCO shall be constituted of delegates elected by members from their respective electoral zones.
- b) Delegates shall have the right to attend, participate and vote on all matters during the Delegates Meetings.

#### **13.3 ELECTORAL ZONE AND BRANCHES**

- a) The Sacco shall have as many Electoral Zones and Branches as may be established 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 services as may be offered by the Sacco's Headquarters and in line with the Sacco'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 of the Sacco in line with the Sacco policies.

#### **13.4 ESTABLISHMENT OF ELECTORAL ZONES**

- a) The Board may from time to time establish electoral zones or clusters and review them as may be recommended by the management and approved by the board.
- b) The review of the electoral zones and clusters referred to in paragraph (13.4 a) shall take into account the Geographical location of the members, number of members, common bond and the consolidated shares and deposits of members in a given area.
- c) Each electoral zone shall have at least one delegate or such number of delegates as may be provided for in the electoral policy and elected in accordance with these Bylaws.

### **13.5 SACCO DELEGATES**

- a) The Sacco shall operate under a delegate system of representation and delegates shall be elected in accordance with these by laws or as provided for in the electoral policy.
- b) The Sacco shall have a maximum of 120 delegates. However, additional number of delegates may be created for completely new markets (alternative markets) as provided for in the Electoral Policy.
- c) The term of the delegates shall be three (3) years subject to 1/3 rotating every year and they may be eligible for a re-election for further terms as may be determined by members in an electoral zone.
- d) 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.
- e) Every delegate shall represent a minimum of 25 members or as provided for in the electoral policy, provided that the total delegates do not exceed a number determined by the board. The quorum shall be  $\frac{1}{4}$  of members in the respective zone or Cluster.
- f) The election of delegates from alternative markets shall be prescribed in the Electoral Policy and may comprise of a conglomeration of members from an electoral zone or electoral region depending on such criteria as the number of members, consolidated long term deposits and patronage.
- g) When a delegate is transferred outside his/her electoral zone, they automatically lose their delegate position with effect from the date of the said transfer. However, for intra-zonal transfers the delegate may continue to serve until an election is conducted during the next rotation of delegates or for a period of 90 days during transition.
- h) When a delegate dies, retires, separated or incapacitated in any manner not to be able to discharge their duties as a delegate, a by-election shall be held within 90 days or as provided in the electoral policy.
- i) A delegate may be voted in absentia provided he/she had been cleared by the nomination committee.

### **13.6 QUALIFICATION FOR A DELEGATE**

- a) No member shall be eligible or qualified to be elected as a delegate if he or she:
  - i. Is not a fully paid up member of the Sacco.
  - ii. Has not been a member for at least 36 months.
  - iii. Has less than one year to retirement.
  - iv. Is an un-discharged bankrupt.
  - v. Is of unsound mind and certified by a medical practitioner.
  - vi. Is an employee of the Sacco or its subsidiary.
  - vii. Has not attained non-withdrawable deposits of Kshs 1,000,000.00 as at the close of the previous financial year or any other amount approved by the Delegates Meeting from time to time.
  - viii. Is a member of another Sacco with similar objectives.
  - ix. Has not attained a shareholding of Kshs 100,000.00
  - x. Is not a FOSA salary or income earner.
  - xi. Is not a member in good standing.
  - xii. Has not attained minimum of “O – level” of education or its recognized equivalent.
  - xiii. Is not a member in good standing.
  - xiv. Has had a delinquent loan account within the last 6 months or more prior to elections.
  - xv. Adversely mentioned in an enquiry or inspection report by the commissioner or Authority or in an audit report of the Sacco.
  - xvi. Is a shylock or broker or engages in a business seen to be competing with the Sacco.
  - xvii. Has been removed from a public office on disciplinary action.
- b) Where all members in the electoral zone are new, the board may grant a waiver on item (ii, vii and viii) above.
- c) Delegates will be people of high integrity, honest, innovative and beyond reproach.
- d) All delegates shall be required to have thorough knowledge of co-operative Act, rules and by-laws. It will be mandatory for delegates to conduct their roles diligently and in a civilized manner.

### **13.7 DUTIES AND RESPONSIBILITIES OF DELEGATES**

- a) It shall be the responsibility of every delegate to:
  - i. Attend Delegates Meetings when convened, in order to exercise their democratic rights and those of the members they represent.
  - ii. Attend Delegates Education Seminars organized by the Sacco.
  - iii. Participate in Members Education Days organized by the Sacco.
  - iv. Notify the headquarters on issues related to deceased members.
  - v. Educate the members within the electoral areas about the Sacco matters in general.
  - vi. Recommend and forward membership withdrawal cases to the Sacco for processing.
  - vii. Advise the members on proper loan utilization and the importance of loan repayments.
  - viii. Act as a liaison person between the Sacco officials and the members.
  - ix. Elect committed and visionary leaders as Officials of the Sacco.
  - x. Market the Sacco activities and enhance its corporate image.
  - xi. Perform such other duties and responsibilities as may be directed by the Board of Directors from time to time.

### **13.8 CEASATION OF THE TERM OF A DELEGATE**

- a) The term of a delegate shall cease before expiry of the three (3) years upon a delegate's:
  - i. Death.
  - ii. Expulsion.
  - iii. Changing to another employer from the one for whom he/she was originally elected as a delegate through separation.
  - iv. Certifiable insane or incapacitation.
  - v. Ceasing from being a member.
  - vi. If convicted of an offence involving dishonesty and imprisoned for a term exceeding three (3) months.
  - vii. Has a defaulting account for a period of six months.
  - viii. Adversely mentioned in an inquiry or inspection report or audit report.
  - ix. A written complaint signed by at least 2/3 members from his electoral area or cluster outlining service dissatisfaction.

- x. A delegate being transferred outside his/her electoral zone and unable to serve or replaced as provided for in these by laws.
- b) Upon occurrence of any of (i-x) above, a by-election in the respective zone in which a vacancy has occurred shall be carried out within 90 days or during the next rotation whichever comes first.

### **13.9 SUSPENSION AND EXPULSION OF A DELEGATE**

- a) The Board of Directors may suspend a delegate subject to expulsion by the Delegates Meeting who:
  - i. Fails to maintain the confidentiality test as provided for in the code of conduct for delegates and applicable law.
  - ii. Continuously spreads malicious information on board, management and the Sacco.
  - iii. Fails to fulfill his/her obligations to the Sacco whether stated in these by-laws, general internal regulations, a resolution of the Delegates Meeting or in contravention of any other legal document, provided such a delegate has been called upon to do so but has failed.
  - iv. Is found to be member of another Sacco having similar objects,
  - v. Loses qualification of a delegate as provided for in these by laws
  - vi. Acts in any manner prejudicial to the interests of the Sacco.
  - vii. Is found to have willfully furnished false particulars in his application for delegate of the Sacco
  - viii. For any other reason approved by a Delegates Meeting and / or as may be contained in the Sacco's code of ethics.
- b) A delegate who is in suspension shall not enjoy rights and privileges of a delegate and shall not attend Delegates Meetings and/or other delegates' forums.
- c) Provided that, no delegate shall remain in suspension for a period of more than 12 months.

### **13.10 PROCEDURE OF SUSPENSION AND EXPULSION**

- a) Upon formal and written proof that a delegate has committed a violation punishable by expulsion, the board shall serve a thirty (30) days written notice to the delegate 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 delegates 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 Delegates Meeting or
  - ii. Impose any other punishment as may be in this by Law or as may be directed by the Delegates Meeting from time to time.
- c) The final decision shall be made at the Delegates Meeting. The Delegates Meeting may:
  - i. Reinstate the delegate.
  - ii. Confirm the suspension and consequently expel the delegate.
- d) A delegate who is expelled from the Sacco shall have the right to appeal to the tribunal.

#### **14. DELEGATES MEETINGS**

The supreme authority shall be vested in a General Meeting of delegates elected in a manner prescribed in these By-laws. The delegates shall have the right to attend, participate and vote on all matters during the meeting. The Sacco shall have two types of Delegates Meetings namely –

- a) Annual Delegates Meeting; and
- b) Special Delegates Meeting

##### **14.1 ANNUAL DELEGATES MEETING**

The **Annual Delegates Meeting** shall be convened within four months after the end of the Sacco's financial year to undertake such business as is laid down in these by-laws. Any business not completed at the annual Delegates Meeting, may be taken up at a subsequent **Special Delegates Meeting** of the Sacco.

##### **14.2 SPECIAL DELEGATES MEETING**

- a) A Special Delegates Meeting of the Sacco may be held when convened by the:
  - i. Board of Directors.
  - ii. Commissioner or his representative.
  - iii. Board within 14 days of receipt of a written request by at least 80 delegates or two thirds (2/3) of the delegates, whichever is less; Provided that the request is deposited by registered mail at the Sacco's address or delivered to the Chief Executive Officer at the Sacco's offices within normal working hours.

- b) For a **Special Delegates Meeting** requested by the members the request must state the object of the meeting being called, and the signatures of at least **two third (2/3)** of the total registered members in good standing appended. The request shall be deposited in the registered office of the Sacco. Such meetings shall be convened within fifteen days.

#### **14.3 FAILURE TO CONVENE SPECIAL DELEGATES MEETING**

If the Board of Directors fail to convene a Special Delegates Meeting within fourteen (14) days of receipt of notice from delegates as provided in 13.4 (iii) above, such delegates shall convene the Special Delegates Meeting as requested by notifying the Commissioner and the Board of Directors, stating the object and reasons for the meeting and the fact that the board has failed to convene the meeting.

#### **14.4 NOTICE OF MEETINGS**

The Delegates Meetings of the SACCO shall be convened by giving at least fourteen (14) days' written notice to the delegates, and the Secretary of the SACCO, shall take necessary measures and steps to publish the notice of meeting in public places, the websites of the SACCO, notice boards, local newspapers, including the print and electronic media or any other mode decided by the board.

The Sacco may use modern information and communication technology and send notices to delegates electronically in such form as emails and short text messages. Such form of invitation shall not invalidate a meeting

#### **14.5 AGENDA AT DELEGATES MEETINGS**

All notices constituting a Delegates Meeting of the SACCO shall include a statement of the business to be dealt with at the meeting.

#### **14.6 QUORUM AT DELEGATES MEETINGS**

Except when convened by the Commissioner, the presence of 61 delegates or half the number of the total delegates, whichever is lower, shall constitute a quorum for the conduct of business at the Delegates Meeting.

#### **14.7 ABSENCE OF QUORUM**

When a quorum is not attained the chairman shall

- a) adjourn the meeting and fix a date for another meeting within a month, which shall be advertised as prescribed in these by –laws.
- b) If quorum is again not attained, the chairman shall declare the meeting open with those present one hour after the advertised time of the meeting.

#### **14.8 REQUIRED MAJORITY**

- a) A motion to remove a member of the board whose term of office has not expired as a result of a vote of no confidence must be supported by at least two thirds of the delegates present and voting in the Sacco.
- b) Amendments of these bylaws shall be made by a resolution of majority of delegates present or voting at a Delegates Meeting.
- c) Financial resolutions whose value is 25% and above of the total assets of the Sacco
- d) Any other motion shall be approved by simple majority of votes.

#### **14.9 ENFORCEMENT OF DECISIONS**

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

#### **14.10 IDENTIFICATION OF DELEGATES DURING DELEGATES MEETINGS**

There shall be an up to date delegates register and means of identification. Before they may attend or vote at a Delegates Meeting, delegates shall be required to produce evidence of their membership and eligibility as delegates or identify themselves in some other acceptable manner.

#### **14.11 DISCIPLINE DURING DELEGATES MEETINGS**

All delegates shall be expected to observe law and order at the Delegates Meetings; and as such any member who is disorderly and disrupts business of the Delegates Meeting may be denied entrance or ejected from the meeting.

#### **14.12 REPRESENTATION PROCEDURE AT DELEGATES MEETING**

The board shall ensure nationwide representation in a manner that is consistent with the Act and the Rules and these By-Laws.

#### **14.13 VENUE OF DELEGATES MEETINGS**

Physical Delegates Meetings of the SACCO shall be held at a physical venue and place which shall be contained in the notice constituting the meeting, except that a meeting may be held on such terms and conditions as the Commissioner may direct.

#### **14.14 VIRTUAL DELEGATES MEETINGS**

The SACCO may hold its Delegates Meeting virtually or both virtually and physically, in exceptional circumstances as may be determined by the Board of Directors taking into account any prevailing socio-economic, political, health or environmental circumstances limiting physical interactions.

#### **14.15 VIRTUAL MEETINGS TO COMPLY WITH GUIDELINES**

Where the Board of Directors opts to hold a virtual or a mixed virtual and physical Delegates Meeting, then the Board of Directors of the SACCO shall;

- a) Take measures to ensure that the Delegates Meeting is constituted, held and conducted strictly in compliance with any circulars or guidelines or directives which may be issued by the Commissioner and/or the Authority from time to time, or any written law; and
- b) The members of the Board of Directors, Supervisory, the Chief Executive officer, External Auditor and the Commissioner or representative shall be present within the SACCO's registered offices for purposes of the Delegates Meeting.

#### **14.16 DUTIES OF DELEGATES MEETINGS**

The Delegates Meeting shall have the powers and duties prescribed in the Sacco Societies Act; the Regulations; the Co-operative Societies Act; the Co- Operative Societies Rules; these By-Laws, and any other applicable law; and in particular the Delegates Meeting shall:

- a) Consider and confirm the minutes of the previous Delegates Meeting.
- b) Consider reports of Committees, the Commissioner or the Authority on the audited financial statements of the SACCO'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 Sacco Societies Act; the Regulations; the Co-operative Societies Act; the Co-operative Societies Rules; these By-Laws, and any other applicable law.
- d) Elect or remove members of the board and the Supervisory Committee, subject to the Sacco Societies Act; the Regulations; the Co-operative Societies Act; the Co-operative Societies Rules; these By-Laws, and any other applicable law.
- e) Fix the indemnity for the elected Board Members and management staff.

- f) Consider recommendations on expulsion of members and refusal of membership by the Board.
- g) Fix the maximum liability which the SACCO may incur in loans and deposits from members and non-members.
- h) Approve the estimates of income and expenditure for the financial year following the Delegates Meeting.
- i) Fix the honoraria, if any, for officers or bonus for employees of the SACCO.
- j) Decide on the management structure, including the establishment of branches to facilitate efficient and cost effective delivery of services to members.
- k) Appoint external auditors of the SACCO for the ensuing year.
- l) Receive the inspection notes of the commissioner and the Authority, if any.
- m) Approve affiliation to any National Co-operative Organizations for SACCO Societies and the Apex society.
- n) Transact any other business of the SACCO for which notice has been given to members in the manner prescribed in these By-Laws.

#### **14.17 RIGHT TO ATTEND DELEGATES MEETINGS**

All delegates have a right to attend the Delegates Meeting and participate in its deliberations.

#### **14.18 RECORD OF BUSINESS OF THE DELEGATES MEETINGS**

- a) All business discussed or decided at the Delegates Meeting shall be recorded without erasures and corrections in a Minute Book, which within one month of the meeting, shall be signed by the Chairman of the meeting and at least one other member of the Board of Directors 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.
- 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 a resolution, authorize its chairman to sign and date the final record.

## **15. CONSTITUTION OF THE BOARD OF DIRECTORS**

### **15.1 BOARD OF DIRECTORS IS THE GOVERNING BODY**

The Board of Directors shall be the governing body of the SACCO and shall be elected by and from the delegates and shall comprise nine (9) members.

### **15.2 COMPOSITION OF THE BOARD OF DIRECTORS**

The board of directors shall include the Chairman, Vice Chairman, Treasurer and Honorary Secretary and members of board committees all of whom shall be elected by the Board of Directors from amongst the members of the Board.

The board and supervisory committee members shall be elected from amongst the delegates from electoral zones.

### **15.3 THIRD RULE GENDER REPRESENTATION**

The board shall endeavor to have at least one-thirds of the elected members of the Board and supervisory committee being of either gender. The Sacco shall establish mechanisms to ensure effective implementation of the gender rule.

### **15.4 TENURE OF OFFICE OF BOARD MEMBERS**

Members of the Board shall be elected for a term of three years subject to one third or the number nearest to, retiring annually, except for the Chairman and the Vice Chairman who shall retire at the end of the third year. The retiring members shall, however, be eligible for re-election.

### **15.5 CO-OPTION OF MEMBERS OF THE BOARD OF DIRECTORS**

If during the term of office of the board, a vacancy occurs in the board, the board shall if the number drops below five, co-opt a delegate to serve on the board until the next Delegates meeting.

### **15.6 ELIGIBILITY FOR MEMBERSHIP INTO BOARD**

No person shall be eligible as a member of the Board of Director or remain a member of the board if he/she:

- a) Is not an elected Delegate of the Sacco.
- b) Has served as a member of the Supervisory Committee for the last two years preceding the delegates meeting.
- c) Has been adversely named by the Commissioner in an Inquiry Report endorsed by a Delegates Meeting for mismanagement or corrupt practices whilst still a member of the Board of a Co-operative Society or Union in the last ten (10)

years, or mentioned adversely in any other national government inquiries where he/ she has been shown or alleged to be engaging or have engaged in dishonest activities.

- d) Has been adversely named by the Authority in an Inspection Report for mismanagement or corrupt practices while still a member of the Board of Directors or officer of a SACCO in Kenya.
- e) Has been barred or prohibited from holding office as a director or officer of a SACCO by the Authority.
- f) Has been charged of any offence involving dishonesty, a crime involving fraud, perjury or breach of contract of a licensed financial institution.
- g) Has been convicted of any offence involving dishonesty or is imprisoned for three months or more with a crime involving fraud, perjury or breach of contract of a licensed financial institution.
- h) Is a member of an existing Board of Directors and, becomes delinquent and does not make good the default within a period of 30 days.
- i) Shall not have attained a minimum of “O” level certificate of Education or its recognized equivalent.
- j) Is un dis-charged bankrupt.
- k) Is of unsound mind.
- l) is a member of the Board of Directors of another existing SACCO authorized or licensed under the Sacco Societies Act.
- m) Does not conform to minimum qualification standards in accordance to the applicable law.
- n) Has been removed from public office or barred from holding public office by any agency of the government, on disciplinary action.
- o) Has not executed and submitted or caused to be submitted to the Authority, the Fit and Proper Test Form as provided in the Regulations.
- p) Has not attained non-withdrawable deposits of Kshs 2,000,000/- as at the close of the previous financial year or any amount decided by the Delegates Meeting.
- q) Has not attained Share Capital of Kshs 100,000/-
- r) Lends money on his own account.
- s) Has not within thirty days (30) of being elected, declared his wealth to the commissioner in the prescribed manner.

- t) Has not filed an indemnity with the Commissioner in Form V within fourteen (14) days of his election to the board.

## **16. MEETING OF THE BOARD OF DIRECTORS**

### **16.1 NATURE OF BOARD MEETINGS**

The board meetings shall be held physically, virtually or hybrid through electronic media platform as prescribed in the notice constituting the meeting. The board shall conduct its official business in either English or Swahili languages.

### **16.2 FREQUENCY OF MEETINGS**

The Board of Directors of the SACCO shall;

- a) Meet not more than fifteen (15) times in a financial year and not more than two months shall lapse between the date of one meeting and the date of the next meeting; and
- b) Furnish the Authority with a certified copy of the minutes of its meeting on a semi-annual basis to be received not later than the 15<sup>th</sup> July and 15<sup>th</sup> January of each calendar year.

### **16.3 QUORUM AT MEETINGS OF BOARD OF DIRECTORS**

The quorum at every meeting of the Board of Directors shall be six members of the Board of Directors. In case the chairman and the Vice chairman are absent, a chairman for the meeting shall be elected among those present.

### **16.4 FAILURE TO ATTEND MEETINGS**

If a member of the Board of Directors fails to attend three consecutive meetings without being excused thereon, or otherwise fails to perform his/her duties, the position shall be declared vacant and may be filled as provided for in these By-laws.

### **16.5 RECORD OF BUSINESS OF THE BOARD**

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

## **16.6 CONFIRMATION OF PREVIOUS MINUTES**

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

## **16.7 PRESERVATION OF MINUTES OF THE BOARD**

The SACCO shall ensure that all proceedings of the meetings of the Board and any Committee of the Board are recorded and kept in the head office where other records are kept and shall be preserved in the same way the assets of the Sacco are kept and preserved. An electronic version of the same shall be maintained.

## **17. DUTIES AND POWERS OF THE BOARD**

### **17.1 LEGAL STANDARD OF CARE**

In the conduct of the affairs of the SACCO, the Board of Directors shall at all times exercise prudence and diligence of ordinary men of business and shall be held, jointly and severally liable for any loss occasioned by their actions which are contrary to the Sacco Societies Act, the Regulations, any guidelines and directives issued by the Authority, the Co-operative Societies Act, and Co-operative Societies Rules, these By-Laws, or the direction of any Delegates Meeting of the Sacco or any other applicable law.

### **17.2 DIRECTING AFFAIRS OF THE SACCO**

The Board of Directors shall develop and implement a Board Charter and code of conduct to govern its internal operations and procedures; and shall subject to any directions from the Delegates Meeting generally:

- a) Direct the affairs of the SACCO; and
- b) Provide visionary leadership by providing strategic directions on the Sacco business without engaging in operational activities of the Sacco.

### **17.3 SPECIFIC DUTIES AND POWERS**

The Board of Directors shall in particular:

- a) Observe in all its transactions and activities provisions of the Sacco Societies Act, the Regulations, the Co-operative Societies Act, the Co-operative Societies Rules, these By-Laws, any other applicable law, and prudent business practices.
- b) Ensure that the SACCO's functions effectively and that an adequate and effective internal controls and risk management systems are in place consisting of appropriate policies including human resource management, savings, liquidity, investment,

dividend, risk management, membership administration, cash handling and information management and preservation among others.

- c) Develop and approve the terms of reference of the various Board Committees, consistent with these By-Laws.
- d) Ensure that the management maintains proper and accurate records that reflect the true and fair position of the SACCO's financial condition.
- e) Cause preparation and development of business plans and annual budgets and estimates for presentation at the Delegates Meeting.
- f) Formulate the Electoral Policy to guide in the nomination and election process.
- g) Appoint such number of Board Committees as maybe necessary to effectively discharge its functions.
- h) Approve interest rates on loans, the maximum maturities and terms of payment or amortization of loans from time to time and the maximum amounts that may be loaned with or without security to any member as recommended by the SACCO's management.
- i) Cause the audited financial statements of the SACCO to be displayed in a conspicuous place at its registered office, and branches at least two weeks before presentation of the financial statements to the delegates at the Delegates Meeting.
- j) Submission of the audited financial statements to the Authority for approval within three (3) months after the close of the financial year.
- k) Implementing and/or incorporating any general or specific directives issued by the Authority with regard to the form of, or contents or proposals or other disclosures in the audited financial statements.
- l) Subject to approval of the audited financial statements, lay before the Delegates Meeting the audited financial statements of the SACCO, together with proposals for the disposal of net surplus, if any.
- m) Subject to any directives issued by the Authority, recommend to the Delegates Meeting, the dividend rate to be paid on shares, if any, and interest to be paid on non-withdrawable deposits.
- n) Fill through co-option, vacancies occurring in the Board of Directors between Delegates Meetings.
- o) Authorize the conveyance of properties.

- p) Authorize borrowing of the SACCO in accordance with these By- Laws and any other written law.
- q) Approve and review lending policies of the SACCO to ensure compliance with the Law.
- r) Approve or ratify all loans to directors and employees of the SACCO.
- s) Approve interest rates on loans to members as recommended by the Committee for the time being responsible for financial affairs of the SACCO.
- t) Designate a depository or depositories for the funds of the SACCO.
- u) Prepare and submit or cause to be submitted for approval, the Code of Conduct in the form set out in the Third Schedule of the Regulations.
- v) Employ and fix the remuneration of the employees including the appointment of Chief Executive Officer in accordance with the approved Human Resource Policy and Manual.
- w) Notify the Authority in writing of any intention to remove the Chief Executive Officer; and notify the Authority in writing within fifteen (15) days of appointment, resignation or removal of the Chief Executive Officer and in the case of resignation or removal, the reasons for such resignation or removal.
- x) Impose or recommend the imposition of any fines or fees as provided for under these By-Laws.
- y) Ensure that the SACCO budgets for and pays promptly pay all the taxes, levies, fees and/or other charges due to the Authority and/or any other government entity, as and when they fall due.
- z) Ensure adequate provisions for known and probable losses and recommend to the Delegates Meeting the write-off of bad debts.
- aa) Perform or authorize any function consistent with the Sacco Societies Act, the Regulations, the Co-operative Societies Act, the Co-operative Societies Rules, and these By-Laws, unless specifically reserved for the Delegates Meeting.
- bb) Provide adequate budget for education and training of members, and the capacity development of the Board and staff.
- cc) Receive and consider reports from the established staff technical committees and Board Committees.

dd) Perform any other duty or functions, and exercise any other power as provided in the Sacco Societies Act, the Regulations, the Co-operative Societies Act, the Co-operative Societies Rules, these By-Laws and any other applicable law.

#### **17.4 THE CHAIRMAN OF THE BOARD**

The Chairman of the Board of Directors of the SACCO shall be elected from amongst the members of the Board of Directors, and shall be responsible to the board for;

- a) Presiding at all Delegates Meetings, board meetings and joint meetings with the Supervisory Committee; and
- b) Direct the affairs of the Sacco in conjunction with other elected officials.
- c) Perform such other duties as may be directed by the Board of Directors, not inconsistent with provisions of the Sacco Societies Act; the Regulations; the Co-operative Societies Act; the Co-operative Societies Rules; the By-Laws and any other applicable law.

#### **17.5 THE VICE-CHAIRMAN OF THE BOARD**

The Vice-Chairman of the Board shall be elected from amongst the members of the Board of Directors, and shall be responsible to the Board for:

- a) Deputizing the Chairman of the Board.
- b) Performing the duties of the Chairman of the Board, during the absence of the Chairman of the Board; and
- c) Performing any such other duties as the board may as may be directed by the Board of Directors, not inconsistent with provisions of the Sacco Societies Act; the Regulations; the Co-operative Societies Act; the Co-operative Societies Rules; the By-Laws and any other applicable law.

#### **17.6 HONORARY SECRETARY**

The Honorary Secretary shall be elected from amongst the members of the Board of Directors, and shall be responsible to the Board for:

- a) Causing all the minutes of the Delegates Meetings, Board Meetings, and joint meetings with the Supervisory Committee to be recorded.
- b) Ensuring that notices of all meetings are prepared and sent out.
- c) Advise the Chairman of quorum during the meetings.
- d) Ensure that the Sacco's correspondence is promptly and correctly attended to.
- e) Performing such other duties as may be directed by the Board of Directors, not inconsistent with provisions of the Sacco Societies Act; the Regulations; the Co-

operative Societies Act; the Co-operative Societies Rules; the By-Laws and any other applicable law.

#### **17.7 THE TREASURER**

The Treasurer of the SACCO shall be elected from amongst the members of the Board of Directors, with knowledge and experience of accounting or financial matters, and shall be responsible to the Board and the Delegates Meetings for:

- a) Managing or causing to be managed, the financial and accounting affairs and transactions of the SACCO.
- b) Ensuring that proper record is kept of all monies received and disbursed by the SACCO.
- c) Ensuring the safekeeping of the SACCO's money.
- d) Ensure that all payments and expenditures are duly authorized.
- e) Ensuring compliance with all directives of the Delegates Meetings, the Board of Directors, the Authority and the Commissioner, particularly with regards to all financial and accounting affairs of the SACCO.
- f) Performing any other lawful duty as may be directed by the Board, or as may be assigned under these By-Laws, the Sacco Societies Act, the Regulations, the Co-operative Societies Act, the Co-operative Societies Rules or any other applicable law.

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

#### **17.8 ESTABLISHMENT OF BOARD COMMITTEES**

- a) The Board of Directors may delegate to the Board Committees such of its powers and duties under these By-laws, as it deems fit and proper, provided that:
  - i. Board committees consist of persons drawn from among board members and shall be comprised of three members.
  - ii. Members of the Board shall not sit in more than two committees.
  - iii. The Chairman shall not sit in any of the Board Committees, but may attend any Committee meetings upon invitation in writing by the Committee.
  - iv. A member of the Board shall not chair more than one Board Committee.
- b) The Quorum of the Board Committee meetings shall be one-half of the members of the Board Committee.

- c) The chief executive officer, and in his absence, the acting CEO/deputy shall sit in all Board and Board Committee meetings to facilitate effective deliberations. The CEO and the management staff shall be Ex-officio members without voting rights.
- d) The Board Committees shall perform such other duties as may be specified in the Board Charter.
- e) The board committees shall
  - i. Shall keep minutes of their work at all times.
  - ii. May delegate to the management any of their functions but shall ultimately bare responsibility.

## **17.9 FINANCE AND ADMINISTRATION COMMITTEE**

The Finance and Administration Committee shall consist of three members including, the Treasurer of the Sacco. The Finance and Administration Committee shall perform the duties as provided for in the Sacco Act, Regulation, polices and shall include the following duties among others:

- a) Review and make recommendations to the board on the financial plans of the SACCO ensuring its adequacy and sounding in providing for the SACCO 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 SACCO.
- c) Review periodic financial statements of the SACCO before submission to the board.
- d) Appropriate the Sacco ICT reports, strategy, investment, security and other improvements on quarterly basis.
- e) Consider and advice the board on investments and borrowings.
- f) Make recommendations to the board on capital expenditure projects.
- g) Ensure all expenditure of the SACCO are within the approved budgets.
- h) Monitor the management s adherence to the procurement plan approved by the board.
- i) Review and make recommendation on finance related policies including investments, capital adequacy and financial performance monitoring.
- j) Ensure the SACCO has liquidity management policies prescribed in the Regulations.

- k) Propose to the board review of loan interest rates and other levies proposed by the management.
- l) Propose to the board a review of the organizational structure of the Sacco and ensure it is composed of staff with relevant skills and experience.
- m) Ensure that periodic reviews of staff performance are conducted.
- n) Examine and recommend Human Resource expenditure for approval by the board.
- o) Ensure establishment of management succession plan in the Sacco.
- p) Ensure the management adheres to the approved human resource and related policies.

#### **17.10 BUSINESS DEVELOPMENT AND EDUCATION COMMITTEE**

The Business Development and Education Committee shall consist of three members appointed from the board. The committee shall appoint one of the members to be the chairman of the Business Development and Education Committee.

The Business Development and Education Committee shall perform the following duties:

- a) Coordinate the Business strategy and marketing of the Sacco.
- b) Review and recommend education programs for members, board members, staff and the general public for approval by the board.
- c) Ensure production and acquisition of literature including Periodical Magazines, or brochures.
- d) Arrange for educational visit in liaison with other members of the Board of Directors.
- e) Ensure appropriate allocation of funds for educational purposes and apply the funds for the benefit of the Sacco.

#### **17.11 AUDIT AND RISK MANAGEMENT COMMITTEE**

The audit committee shall consist of not more than three members appointed 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. The internal auditor shall be the secretariat to the committee.

The primary responsibility of the Audit committee shall be as prescribed in the Regulations which includes:

- a) Ensuring establishment and review of the internal control system.

- b) Review performance and findings of the internal auditor and recommend remedial actions regularly and at least once in every three months.
- c) Recommending three names of external auditors and the remuneration to the board.
- d) Reviewing coordination between internal and external audit functions as well as monitor external auditor's independence and objectivity.
- e) Report to the board on their findings and recommendations.

#### **17.12 CREDIT SUB COMMITTEE**

The Credit Committee shall consist of three members who shall be members of the Board of Directors, its duties shall be as provided for in the Sacco Act, regulation, Credit policy, and shall include among others:

- a) Ensure establishment and review of appropriate credit policy consistent with the relevant provisions of the Regulations and these by laws.
- b) regularly assessing the loan quality of the SACCO to ensure that the portfolio at risk is within tolerable levels.
- c) Ensure that the problem loan accounts are adequately identified and classified in the Regulations.
- d) Ensure adequate provisions for potential loss is maintained.
- e) Review periodic credit and loan portfolio reports of the Sacco before submission to the board.

### **18. INDEMNITY BY BOARD OF DIRECTORS**

#### **18.1 FILING OF INDEMNITY**

Each member of the Board of Directors shall provide an indemnity of in such sums and amount as shall be approved by the Delegates Meeting; and a duly completed **Form V in the Schedule** to the Co-operative Societies Rules shall be duly completed and lodged with the Commissioner and the Authority within fourteen (14) days upon election to the Board.

#### **18.2 DECLARATION OF WEALTH**

Every member of the Board of Directors shall within thirty (30) days of being elected declare and file with the Commissioner the statutory wealth declaration in the prescribed form as provided in the Public Officers Ethics Act, 2003 and the Code of Conduct issued pursuant thereto.

## **19. COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS**

### **19.1 RE-IMBURSEMENT TO BOARD MEMBERS**

The members of the Board of Directors may be paid reimbursements or allowances for necessary expenses incurred in the course of discharging lawful duties subject to the compensation policy of the Sacco.

### **19.2 NO FIXED REMUNERATION OR SALARY**

A member of the Board of Directors shall not receive remuneration in the form of a salary or any periodic payments in respect of services rendered to the SACCO.

### **19.3 COMPENSATION TO BE DISCLOSED IN THE FINANCIAL STATEMENTS**

The Board of Directors shall disclose in the audited financial statements, any compensation, fees, travel or meeting expense or reimbursement paid to each director of a SACCO and each member of the Supervisory Committee and shall be presented at the Annual Delegates Meeting.

### **19.4 BOARD COMPENSATION POLICY**

The SACCO shall develop and implement a Board Compensation Policy clearly detailing the rates of compensation or allowances payable to the members of the Board of Directors, taking into consideration the economic and financial condition of the SACCO, which Policy or any amendments thereto shall be approved by Delegates Meeting of the SACCO.

### **19.5 AUTHORITY MAY VETO THE COMPENSATION POLICY**

The Authority may at any time in the exercise of its mandate under the Sacco Societies Act and the Regulations, veto the implementation of a Board Compensation Policy or any sections thereof, and may suspend the implementation of any such Policy or direct the review thereof as it may deem fit, taking into account its supervisory and regulatory mandate.

## **20. ELECTIONS OF BOARD AND SUPERVISORY COMMITTEE**

### **20.1 NOTICE OF VACANCIES**

The Board of Directors shall notify the delegates of the SACCO of the vacancies arising in both the Board of Directors and the Supervisory Committee at least seven days to the election.

### **20.2 NOMINATION COMMITTEE**

There shall be a Nominating Committee of the SACCO which shall be constituted in accordance with the SACCO's Electoral Policy, which shall be formulated by the Board

of Directors and shall vet and clear all candidates vying for delegate ship, board and supervisory elections, provided that;

- a) The nominating committee which shall consist of a minimum of three (3) to a maximum of five (5) members.
- b) To avoid conflict of interest, members of the Nomination committee shall not comprise of the delegates, Board or Supervisory Committee members.
- c) The composition and duties of the Nomination committee shall be as spelt out in the Electoral policy.
- d) The nominating committee shall provide a list of qualified candidates in every election.

### **20.3 RETURNING OFFICER TO PRESIDE OVER ELECTIONS**

During elections:

- a) The commissioner for co-operative or his representative shall be the returning officer for all Sacco elections.
- b) The Returning Officer shall present duly nominated candidates for the vacant positions.
- c) Each candidate must have a proposer and a seconder.
- d) At the elections, members shall decide, by majority vote, the method of voting, which method may be either by secret ballot or queuing or by show of hands.
- e) No member shall be entitled to vote by proxy but candidates can be elected in absentia.
- f) Irrespective of the number of shares held by him, no member shall have more than one vote.
- g) Members of staff shall play a facilitative role during elections.
- h) Election petition shall be filed to the returning officers within 72 hours from the date of election.

### **20.4 SUBMISSIONS OF NAMES OF ELECTED PERSONS TO AUTHORITY**

The Chief Executive Officer of the SACCO shall, within fourteen (14) days of the elections, submit to the Authority and the Commissioner the names and addresses of all persons elected to the Board of Directors and Supervisory Committee, including their respective Fit and Proper Test Forms in accordance with the applicable law.

## **20.5 ASSUMPTION OF OFFICE**

The new Board of Directors and Supervisory Committee of the SACCO elected at the Delegates Meeting shall not assume office unless they have been cleared by the Authority, and satisfied the requirements of the Sacco Societies Act, the Regulations, the Co-operative Societies Act, the Co-operative Societies Rules, these By-Laws, and any other applicable law, as to the indemnity, ethics, codes of conduct or any other matter.

## **21. REMOVAL AND SUSPENSION OF A MEMBER OF BOARD**

### **21.1 REMOVAL BY THE AUTHORITY**

The Authority may suspend from duty any member of the Board of Directors charged in a court of law with an offence involving fraud or dishonesty pending the determination of the matter, directly or indirectly violates the Act, Regulations and these bylaws.

### **21.2 REMOVAL BY MAJORITY OF BOARD MEMBERS**

By a majority of the members of Board of Directors, the Board of Directors may by a resolution, suspend a Board Member for a period not exceeding twelve (12) months, and recommend to the next Delegates Meeting of the SACCO, the removal of such Board Member, on the ground and/or for reasons of:

- a) Failure to disclose any vested interests.
- b) Fails to maintain the confidentiality test as provided for in the code of conduct for delegates and applicable law.
- c) Continuously spreads malicious information on board, management and the Sacco.
- d) Fails to fulfill his/her obligations to the Sacco whether stated in these by-laws, general internal regulations, a resolution of the Delegates Meeting or in contravention of any other legal document, provided such a delegate has been called upon to do so but has failed.
- e) Is found to be member of another Sacco having similar objects.
- f) Loses qualification of a delegate as provided for in these by laws.
- g) Acts in any manner prejudicial to the interests of the Sacco.
- h) Is found to have willfully furnished false particulars in his application for delegate of the Sacco.

- i) For any other reason approved by a Delegates Meeting and / or as may be contained in the Sacco's code of ethics.

The procedure of removing the delegate adopted in these bylaws applies to the board.

### **21.3 CESSATION FROM HOLDING OFFICE BY A BOARD MEMBER**

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

- a) Ceases to hold the qualifications of a Board of Director as specified in the Sacco Societies, the Regulations, these By-Laws; or any other applicable law.
- b) Is removed or suspended by the Authority under the provisions of the Sacco Societies, the Regulations, or any other applicable law.
- c) Is voted out by two-thirds (2/3) majority of delegates present and voting at the Delegates Meeting.
- d) Is removed by the Commissioner under the provisions of Co-operative Societies Act and the Co-operative Rules.
- e) Continuously fails to remit savings/deposits or repay his/her loans for a period stipulated in these by laws.

## **22. THE SUPERVISORY COMMITTEE (OVERSIGHT BOARD)**

### **22.1 ESTABLISHMENT OF SUPERVISORY COMMITTEE**

The SACCO shall have a Supervisory Committee consisting of three (3) members each elected at the Delegates Meeting for a period of three years, subject to one member of the supervisory committee retiring annually.

### **22.2 QUALIFICATIONS FOR MEMBERS OF SUPERVISORY COMMITTEE**

A member shall be qualified and eligible for elections to the Supervisory Committee of the SACCO, if the members;

- a) Have qualifications similar to those of Board Members; and
- b) Has not served as a board of directors for the last two years.
- c) In addition, at least one member of the committee shall have basic book keeping, accounting and auditing or financial management knowledge. Where no such person is elected, those elected may be taken for basic accounting training.

### **22.3 REMOVAL OF MEMBERS OF SUPERVISORY COMMITTEE**

The members of the Supervisory Committee;

- a) May be suspended or removed from office by the Authority or by a resolution of the Delegates Meeting in the same manner and for the same reasons or grounds,

as the suspension or removal of members of the Board of Directors or any other officer of the SACCO; and

- b) Shall cease to hold office in the same manner, and for the same reasons or grounds as the cessation to hold office by Board Members.
- c) The supervisory committee may co-opt a delegate to serve in the committee until the next Delegates Meeting.

#### **22.4 MEETINGS OF THE SUPERVISORY COMMITTEE**

In addition to the joint meetings held with members of the Board or any other routine meetings held with the management for purpose of exercising their duties, the Supervisory Committee shall hold at least one meeting in every quarter.

#### **22.5 AUTHORITY OF THE SUPERVISORY COMMITTEE**

- a) Without intervening in administrative functions subject to its control and supervision, the supervisory committee is responsible for Sacco compliance and internal control and oversight.
- b) It is also responsible for the truth and accuracy of the Sacco's financial condition and for making sure that the Sacco's administrative practises and procedures are adequate to safeguard the member's and institution's rights and interests.

#### **22.6 DUTIES AND REPONSIBILITIES OF THE SUPERVISORY COMMITTEE**

The duties of the Supervisory Committee shall include to:

- a) Generally, countercheck the effectiveness of the Sacco's internal financial system by:
  - i. Ensuring that standardized accounting systems and procedures are implemented.
  - ii. Carrying out investigations at least once every three (3) months for the interest of the Sacco and its members.
  - iii. Confirm cash and bank accounts regularly and reconcile with records and make necessary recommendations to the Board.
- b) Generally, countercheck the effectiveness of the implementation of credit policy and compliance through:
  - i. Checking loan applications and note exceptions.
  - ii. Checking delinquent loans among the Board and members.
- c) Generally, assist in the interpretation of the loan policies, the Act, the rules, the Delegates Meeting resolutions and board policies with a view to create

understanding and harmonious working relationship between the members and the Board.

- d) Monitor the ethical conduct of the SACCO and consider the development of ethical standards and requirements, including;
  - i. Effectiveness of procedures for handling and reporting complaints.
  - ii. Reviewing any related party transactions that may arise within the SACCO.
  - iii. Verifying that relevant plans, policies, and control procedures are established and properly administered.
  - iv. Investigating members' complaints and making recommendations for redress.
  - v. Considering any matter of significance raised by members during the Delegates Meetings of the SACCO or the Authority or the Commissioner.
- e) Prepare reports and present to the Board and at the Delegates Meeting.
- f) Submit their report to the commissioner and authority.
- g) Notwithstanding the provisions of (a) to (g) above, the supervisory committee shall not perform duties or exercise powers of the Board.

#### **22.7 REPORTS TO THE BOARD**

The Supervisory Committee shall prepare and submit quarterly reports to be presented to a joint meeting with the Board of Directors within thirty (30) days after the end of each quarter.

#### **22.8 REPORTS TO AUTHORITY**

The Supervisory Committee shall submit or cause to be submitted to the Authority all quarterly reports of the Supervisory Committee, together with comments and actions made by the Board of Directors, within thirty (30) days, after presentation to the Board of Directors.

#### **22.9 LIABILITY OF THE SUPERVISORY COMMITTEE**

The Supervisory committee members shall be jointly liable for any loss incurred due to negligence in performing their duties

#### **22.10 LEGAL STANDARD OF CARE AND COMPENSATION FOR SUPERVISORY COMMITTEE**

The members of the Supervisory Committee shall be held to the same legal standard of care as the board legal standard of care, and shall be compensated under similar terms and circumstances; as prescribed for the members of the Board of Directors in these by laws.

## **23. THE CHIEF EXECUTIVE OFFICER AND STAFF OF THE SACCO**

- a) The board shall have the powers to appoint a Chief Executive Officer and develop staff establishment structure suitable for the Sacco from time to time.
- b) All appointments shall be done in a transparent manner and in line with the Human Resources policy.
- c) The board may require all employees of the Sacco to provide indemnity/security for the employment in such sum, as the board may deem necessary.

### **23.1 DELEGATION OF DUTIES TO CHIEF EXECUTIVE OFFICER**

The Board of Directors may delegate to the Chief Executive Officer of the SACCO such duties as it deems fit; provided that such delegation shall not absolve the Board of Directors from its responsibility of running the affairs of the SACCO in a proper and business-like manner.

### **23.2 APPOINTMENT BY BOARD OF DIRECTOR**

The SACCO shall have a Chief Executive Officer who shall be appointed by the Board of Directors on such terms and conditions as the Board of Directors shall fix; provided that prior to appointing a person to serve as the Chief Executive Officer of the SACCO, the Board of Directors shall submit or cause to be submitted to the Authority, the names and other particulars of the person proposed for such appointment, for approval.

### **23.3 APPOINTMENT TO TAKE EFFECT UPON APPROVAL**

No formal appointment of a person to serve as the Chief Executive Officer of the SACCO shall take effect unless the Authority's written approval has been granted to the SACCO; and the Board of Directors shall notify or cause the Authority to be notified, within fifteen (15) days of formal appointment of the Chief Executive Officer.

### **23.4 RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER**

The Chief Executive Officer shall be responsible to the Board of Directors for the day to day running of the affairs of the SACCO, including but not limited to

- a) The implementation of and adherence to the prescribed policies, procedures and standards.
- b) Ensuring that systems have been established to facilitate efficient operations and communication.
- c) Ensuring that strategies are developed and employed to facilitate achievement of targets and objectives.
- d) Overseeing human resource management and development.

- e) Adherence and ensuring that the SACCO and its staff are at all time in compliance with the established Code of Conduct; the Sacco Societies Act, the Regulations, 2010, any guidelines and/or directives issued by the Authority; the Co-operative Societies Act; the Co-operative Societies Rules; these By- Laws; and any other applicable law.
- f) Advise the board of directors in formulating, preparing and implementing long term policies and programs of the Sacco through board papers and technical reports as appropriate.
- g) Any other matter concerning the operations and activities of the SACCO as the Authority may direct.

### **23.5 PRESENTATION OF BOARD PAPERS TO THE BOARD**

The Chief Executive officer shall ensure that the board of directors is frequently and adequately apprised on the operations of the Sacco through presentation of relevant reports which shall cover, but not limited to the following:

- a) Financial statements (monthly, quarterly and annual) indicating current compared with past period actual performance, the budget compared with the actual expenditure and explanations for any variances.
- b) Showing current compared with past period actual performance, the budget compared with the actual and with explanations for any variances.
- c) Capital structure and adequacy.
- d) Delinquent loan list, and in particular growth in loans, loan losses, recoveries and provisioning.
- e) Statement of comprehensive income (monthly, quarterly and annual) comparison with budgeted against actual.
- f) Sources and application of Savings and deposits.
- g) All inside lending and non-performing insider loans, if any.
- h) Any violation or suspected violation of the Sacco Societies Act, the Regulations, the Co-operative Societies Act, the Co-operative Societies Rules, or any other applicable law; and remedial actions taken or proposed to be taken, to comply and remedy the violation.
- i) Large risk exposures including but not limited to the exposures limits or risks prescribed in the Sacco Societies Act, the Regulations, the Co- Operative Societies Act, the Co-operative Societies Rules, or any other applicable law.

- j) Investment portfolio.
- k) Any regulatory reports, and internal reports.
- l) Any other relevant areas to the Sacco's operations; and
- m) Any other matter as may be directed by the Authority from time to time.

#### **23.6 CHIEF EXECUTIVE OFFICER TO ATTEND BOARD MEETINGS**

The Chief Executive Officer of the SACCO or any position appointed by the Board of Directors to discharge the duties and responsibilities of a Chief Executive Officer of the SACCO in accordance with these By-Laws, shall;

- a) Attend all meetings of the Board of Directors and all Delegates Meetings of the SACCO, as an ex-officio member.
- b) Be a signatory and the custodian to SACCO cheques, contracts, records and other documents as may be necessary; and
- c) Perform any such other duties and responsibilities as may be assigned by the Authority or the Board of Directors.

#### **23.7 REMOVAL FROM OFFICE OF CHIEF EXECUTIVE OFFICER**

The SACCO shall not remove the Chief Executive Officer except with prior written notification to the Authority. The notification shall clearly state the grounds or reasons for the intended removal.

#### **23.8 NOTIFICATION OF REMOVAL OR RESIGNATION OF A CHIEF EXECUTIVE OFFICER**

The Board of Directors shall notify the Authority, within fifteen (15) days of the resignation or removal of the Chief Executive Officer and in the case of resignation or removal, the Board of Directors shall indicate the reasons for such resignation or removal.

#### **23.9 REMOVAL OF CHIEF EXECUTIVE OFFICER BY THE AUTHORITY**

Notwithstanding anything in these By-Laws or any internal policies of the SACCO, the Chief Executive Officer and any other officer of the SACCO may be removed from office by the Authority or upon the direction of the Authority in accordance with the provisions of the Sacco Societies Act and Regulations.

## **PART VI ACCOUNTS AND RECORDS**

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

#### **24.1 MANDATORY MAINTENANCE OF ACCOUNTS AND RECORDS**

The SACCO shall keep and maintain an up to date, and in a proper, accurate and business-like manner, in an electronic manner within its Management Information System (MIS), including and but not limited to the books of accounts and records as stipulated in the Sacco Societies Act, the Regulations, the Co-operative Societies Act, the Co-operative Societies Rules, these By-Laws and any other applicable law; and in particular:

- a) A register of all registered members.
- b) A register of members' nominees.
- c) A register of all policies and procedure manuals approved by the Board, including any amendments to the policies and procedure manuals.
- d) A minute books giving details of proceedings of meetings of the Board of Directors; the Board Committees; the joint Board and Supervisory Committee; the Supervisory Committee; and any other meetings held in accordance with these By-Laws.
- e) Minute book giving details of proceedings at the Delegates Meetings.
- f) A cashbook showing the details of all monies received or paid out by the SACCO.
- g) A general ledger containing such accounts as is necessary to accurately reflect the business of the SACCO.
- h) A personal ledger for each member showing all the transactions with the SACCO.
- i) A register of assets and property.
- j) A loan application register showing amounts and the date when the loan was applied.
- k) A loan listing of loans to members showing in respect of each loan, the loan number, name of the borrower, age of borrower, gender of the borrower, the amount borrowed, the purpose of the loan, application date, interest applied, amortization type, repayment period, disbursement date, security, outstanding balance, the due date of repayments and the date repayments were completed and any other matter prescribed.

- 1) Such other books and records as the board or the Authority may decide or prescribe from time to time.

## **24.2 FINANCIAL STATEMENTS TO BE DENOMINATED IN KENYA SHILLINGS**

The accounts and the financial records of the SACCO shall be denominated in Kenya shillings and shall comply with International Financial Reporting Standards (IFRS) and any reporting requirements as prescribed in the Sacco Societies Act, the Regulations, or as the Authority may direct generally or specifically.

## **24.3 ANNUAL AUDITS**

- a) The Sacco shall submit to the Authority the selected names of the external Auditor from the authorized list from the commissioner within 30 days after the Annual Delegates Meeting together with an extract of minutes appointing the external auditor.
- b) The Sacco shall within three months after the end of the financial year submit for approval to the Authority its audited financial statements.
- c) The board shall present audited Accounts to the Delegates Meeting within four months after the end of the accounting period.
- d) The audited accounts shall be displayed conspicuously for the members to see at the registered office and all branch offices of the Sacco and Sacco's website at least two (2) weeks before presentation to the Delegates Meeting.

## **PART VII POLICIES AND PROCEDURES FOR THE SACCO**

### **25. POLICIES AND PROCEDURE MANUALS**

#### **25.1 BOARD TO MAKE POLICIES**

The board shall make and approve such policies and procedures prescribed in the Regulations and as they deem necessary for the conduct of the SACCO business. Any such policies and procedures shall be recorded in the minute book and shall be posted on the Sacco's notice board, and shall come into force when and as determined by the board of directors.

#### **25.2 REGISTER OF POLICIES**

The SACCO shall maintain an updated register of all policies and/or procedure manuals made and approved by the Board of Directors, an original copy of the policy duly signed; containing the name and/or other particular details of the policy, the date of approval of the policy; where any amendments have been made to the policies, the date of approval of the amendment.

#### **AUTHORITY TO INSPECT POLICIES**

The SACCO shall, when required to do so by the Authority, promptly avail copies of its policies and the register for inspection, in accordance with the requirements of the Sacco Societies Act and the Regulations.

### **26. CODES OF CONDUCT FOR OFFICERS**

#### **26.1 APPLICATION OF PUBLIC OFFICERS ETHICS ACT, 2003**

The Sacco may adopt the practices provided for in the Public Officers Ethics Act, 2003 and the Code of Conduct made thereunder, including any Governance Guidelines as may be issued by the Ethics Commission for Co-operatives.

#### **26.2 CODE OF CONDUCT FOR OFFICERS**

The SACCO shall formulate a code of conduct in accordance with third schedule of the regulations which shall be approved by the Authority.

#### **26.3 CONFIDENTIALITY**

The members of the Board of Directors and Supervisory Committee, and all other officers of the SACCO shall:

- a) Hold in the strictest confidence all transactions of between the SACCO and its members; and
- b) Comply with and/or cause the SACCO to comply with the provisions of the Data Protections Act, 2019 with regard to members' data and information.

#### **26.4 CONFLICT OF INTERESTS**

No member of the Board of Directors or Supervisory Committee or any other officer of the SACCO, shall in any manner participate in the deliberations and determination of any question affecting his/her financial interest. In the event of any disqualification, the remaining qualified members of the Board or Supervisory Committee or officers present at the meeting, if constituting a quorum with the disqualified person may exercise, with respect to the matter, all powers of the Board or Committee or management as the case may be.

#### **26.5 COMPLIANCE WITH THE CODES OF CONDUCT**

The SACCO and every officer of the SACCO shall at all times ensure and/or secure the compliance with the Codes of Conducts herein; including taking appropriate measures to implement any directives issued by the Authority or any other public body towards enforcing compliance with the Codes of Conduct.

## **PART VIII GENERAL PROVISIONS AND MISCELLANEOUS**

### **27. INSPECTION OF DOCUMENTS, BOOKS OF ACCOUNTS ETC**

#### **27.1 INSPECTION**

All the books of accounts, financial statements and other records, whether held physically or electronically, shall at all times be available for inspection by the Authority, the Commissioner and/or the Supervisory Committee.

#### **27.2 INSPECTION OF REGISTRATION AND LICENCE**

The SACCO's By-Laws; the original Registration Certificate issued under the Co-operative Societies Act; and the license issued under the SACCO Societies Act; shall at all times be available and prominently displayed in a conspicuous place within the SACCO's registered head-office, for inspection by the Authority, the Commissioner, members, any other government agency, or pursuant to any applicable law.

#### **27.3 INSPECTION OF REGISTER OF MEMBERS**

The register of members (excluding details of nominees and shareholdings, deposits and loans), maintained in accordance with the Sacco Societies Act, the Regulations and these By-Laws, shall be available for inspection by the any member and any other stakeholder upon payment of a prescribed fee.

### **28. DISPUTE RESOLUTION**

#### **28.1 REFERENCE TO THE TRIBUNAL**

If any dispute arises, which cannot be determined by the Board of Directors or the Delegates Meeting or through Alternative Dispute Resolution mechanisms, concerning the business of the SACCO:

- 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 SACCO, its committee or any officer of the SACCO; or
- c) Between the SACCO and any other Co-operative; or
- d) Between the Sacco and the Authority.

then such dispute shall be referred to the Co-operative Tribunal established under the Co-operative Societies Act.

## **28.2 APPEALS TO THE HIGH COURT**

All appeals emanating from the Co-operative Tribunal shall be filed in the High Court in accordance with the provisions of the Co-operative Societies Act.

## **28.3 ALTERNATIVE DISPUTE RESOLUTION MECHANISMS**

A dispute between a SACCO and its members or other persons may be settled amicably through Alternative Dispute Resolution mechanisms; and at the instance of either party to the dispute; such a dispute may be referred to the Authority or the commissioner or his representative for alternative dispute resolutions.

## **29. COMMON SEAL OF THE SACCO**

### **29.1 ADOPTION AND USE OF COMMON SEAL**

The SACCO shall adopt and use a common seal. The seal shall have an imprint bearing the words “Seal of **PORTS DT Savings and Credit Co-operative Limited**” which shall be different from the ordinary name-stamp of the SACCO.

### **29.2 CUSTODY OF THE COMMON SEAL**

The common seal of the SACCO shall at all times be kept securely underlock and key by the Chief Executive Officer; and shall be used only in the presence of the officers authorized to sign documents on behalf of the SACCO.

### **29.3 USE OF THE COMMON SEAL IN DOCUMENTS**

Where the common seal of the SACCO is used in any document, the seal shall be authenticated by the signature of the Chairman of the Directors and the Chief Executive Officer or any other officer authorized by the Board of the SACCO.

## **30. MISCELLANEOUS**

### **30.1 AUTHORIZED SIGNATORIES**

- a) The Chairman, Vice Chairman, Hon. Secretary, Treasurer, Chief Executive Officer or any other designated employee shall be signatories for the SACCO. The internal regulations shall detail which signatories are necessary for particular operations.
- b) Unless otherwise, the documents of the SACCO shall be deemed official provided they carry the official stamp and designated signatures referred to above.
- c) The accounts and all other confidential documents of the SACCO shall be permanently at the disposal of the board of directors, Supervisory Committee or any other authorized person or Organization. Information from the records shall be kept very confidential.

### **30.2 DISTRIBUTION OF SURPLUS FUNDS**

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

- a) Not less than 20% shall be credited to the Statutory Reserve Fund.
- b) The balance may be disposed of as decided at the Delegates Meeting for:
  - i. Paying dividends on shares and interest on deposits to members.
  - ii. Being carried forward to an Education Fund or other funds of the Sacco, including the appropriation account.
  - iii. applying a specified amount to any charitable purpose as may be recommended the Board of Directors and approved by the Delegates Meeting.
  - iv. Paying honorarium to Board members and bonus to staff.
  - v. In any other way recommended by the board and approved by the Delegates Meeting.

The board shall come up with detailed policies on payment of honorarium, dividend, interest on deposits, bonus and appropriation of funds for education and charitable purposes.

### **30.3 RESTRICTION ON PAYMENTS OF DIVIDENDS, HONORARIA ETC**

The SACCO shall not declare or propose for payment or pay any dividends on shares or honorarium or bonus to any officer, or make any other gratuitous payments to any officer, where the SACCO:

- a) Has not met or maintained the prescribed core capital and capital adequacy requirements.
- b) Has not met or maintained the prescribed liquidity ratios.
- c) Has not complied with any specific or general directives issued by the Authority in respect of the financial condition of the SACCO.
- d) Has been prohibited by the Authority from making such payments pursuant to the Sacco Societies Act and the Regulations.

#### **30.4 FINES FOR BREACH OF BY-LAWS**

Any member of the SACCO, who without lawful cause breaches or violates these By-Laws or lawful instructions issued by the Board of Directors and/or the Delegates Meeting, or who fails to honor his/her obligations on time, may be fined a sum of money not exceeding twenty thousand shillings (Kshs 20,000/-)

#### **30.5 DISSOLUTION**

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

#### **30.6 AMALGAMATION**

The Sacco may be amalgamated with any other Co-operative in accordance with the co-operative societies Act.

#### **30.7 AMENDMENT OF BY-LAWS**

These By-Laws may be amended only in accordance with the Co-operative Societies Act and the Co-operative Societies Rules, and the Sacco Societies Act and the Regulations, made thereunder, provided that:

- a) The SACCO shall obtain a prior written approval of the Authority before proposing to delegates any amendments to these By-Laws; and
- b) No amendment shall become effective until it is approved and duly registered by the Commissioner.

**30.8 ACCEPTANCE:**

We, the undersigned office bearers of **PORTS DT Savings and Credit Co-operative Limited** named herein do hereby accept these by laws for and on behalf of the Sacco.

	Name	Signature	Date
CHAIRMAN:	Alfred K. Jairo		24-04-2023
VICE CHAIRMAN:	Ben Juma C		24-04-2023
TREASURER:	Gervas-M. Mwale		24-04-2023
HON. SECRETARY:	ISABELLA MUSHIRA		24-04-2023

**OFFICIAL CERTIFICATION**

I CERTIFY that the foregoing By-laws of the PORTS DT Savings & Credit Co-Operative Limited have been approved by me and duly registered.

Given under my hand at Nairobi, this 4<sup>TH</sup> Day of MAY two thousand and twenty-three.

  
**DAVID K. OBONYO**  
.....  
**COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT**