

EXTRACTS OF THE SACCO BY-LAWS

15.0. 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 Society elected from the general membership and shall consist of nine (9) non-executive members, elected by the members pursuant to the provisions of the Co-operative Societies Act, these By-Laws and any other written law.

15.2. ELIGIBILITY FOR MEMBERSHIP TO THE BOARD OF DIRECTORS

No person shall be eligible as a member of the Board of Directors if he; -

- a) has not been a member of the SACCO Society for at least two (2) years prior to the Annual General Meeting during which he is seeking to be elected to the Board;
- b) has been adversely named by the Commissioner in an Inquiry Report endorsed by a General 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 has been shown or alleged to be engaging or have engaged in dishonest activities;
- c) has been adversely named by the Authority in an Inspection Report for mismanagement or corrupt practices while still a member of the Board of Directors or officer of a SACCO Society in Kenya;
- d) has been barred or prohibited from holding office as a director or officer of a SACCO Society by the Authority;
- e) has been charged of any offence involving dishonesty, a crime involving fraud, perjury or breach of contract of a financial institution;
- f) has been convicted of any offence involving dishonesty or has been imprisoned for three (3) months or more with a crime involving fraud, perjury or breach of contract of a financial institution;
- g) is delinquent on loans with the SACCO Society for any period within two (2) years prior to elections;
- h) Is not an active member of the SACCO Society and whose monthly savings have not been contributed to the SACCO Society for a period of three (3) consecutive months;
- i) shall not have attained a minimum of "O" level certificate of education or equivalent except as otherwise expressly exempted by the Commissioner;
- j) is undischarged bankrupt;
- k) is under 18 years of age;
- l) is of unsound mind;
- m) is a member of the Board of Directors of another existing SACCO Society authorized or licensed under the Sacco Societies Act;
- n) is an official of or holds a political office at any level;
- o) does not conform to minimum qualification standards in accordance to any applicable law;
- p) has been removed from public office or barred from holding public office by any agency of the government, on disciplinary action;

- q) has not executed and submitted or caused to be submitted to the Authority, the Fit and Proper Test Form as provided in the Regulations 2020;
- r) Has not signed the declaration of wealth and indemnity within thirty (30) days of assuming office;
- s) Receives a salary, remuneration or other payment from the SACCO Society save in accordance with the Act, Rules and the SACCO Society's By-Laws;
- t) Has a record of lending members money on his own account;
- u) Holds deposits less than Five Hundred Thousand Kenya Shillings (Ksh. 500,000) or as may be decided from time to time by the General Meeting;
- v) Has ceased to be an employee of the unit or company that signed the Memorandum of Understanding with the SACCO Society and has not joined another unit or company in the common bond and that has signed the Memorandum of Understanding and already remitting members deductions. At the discretion of the Board of Directors, such a member may be co-opted to serve until the next General Meeting when a new member will be elected;
- w) Has not undergone the SACCO Society vetting process and been duly cleared; or
- x) Has sought to be elected into the Supervisory Committee during the same General Meeting.

15.3. COMPOSITION OF THE BOARD OF DIRECTORS

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

15.4. TERM OF OFFICE OF MEMBERS OF BOARD OF DIRECTORS

Members of the Board of Directors shall hold office for a period of three years provided that, one third (1/3) of the members of the Board of Directors shall retire every year but may be eligible for re-election.

15.5. CO-OPTION OF MEMBERS OF THE BOARD OF DIRECTORS

Where the membership of the Board of Directors falls below nine (9) members, the Board of Directors may co-opt qualified member(s) into the Board of Directors until the next General Meeting.

15.6. THE CHAIRMAN OF THE BOARD

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

- a) presiding at all General Meetings, Board meetings and joint meetings with the Supervisory Committee;
- b) Direct the affairs of the SACCO Society in conjunction with other elected officials; and
- 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 2020; the Co-operative Societies Act; the Co-operative Societies Rules; the By-Laws and any other applicable law.

15.7. 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) deputising 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 may be directed by the Board of Directors, not inconsistent with provisions of the Sacco Societies Act; the Regulations 2020; the Co-operative Societies Act; the Co-operative Societies Rules; these By-Laws and any other applicable law.

15.8. 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 General 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) ensuring that the SACCO Society's correspondence is promptly and correctly attended to;
- d) Keeping or causing to be kept the Minute Book; and
- 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 2020; the Co-operative Societies Act; the Co-operative Societies Rules; these By-Laws and any other applicable law.

15.9. THE TREASURER

The Treasurer of the SACCO Society 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 General Meetings for; -

- a) managing or causing to be managed, the financial and accounting affairs and transactions of the SACCO Society;
- b) ensuring that proper record is kept of all monies received and disbursed by the SACCO Society;
- c) ensuring the safekeeping of the SACCO Society's money;
- d) signing or counter-signing documents, contracts and cheques in accordance with these By-Laws and the financial policies and procedure manuals of the SACCO Society;
- e) ensuring compliance with all directives of the General Meetings, the Board of Directors, the Authority and the Commissioner, particularly with regard to all financial and accounting affairs of the SACCO Society;
- f) preparing and submitting the financial statements showing the financial condition of the SACCO Society, to the Board of Directors for consideration, at least fifteen (15) days after close of each month;
- g) presenting to the Board of Directors, an up-to-date listing of all overdue borrowers, including relevant actions taken or being taken to recover the loans;
- h) ensuring members receive the audited financial statements at least fourteen days to the Annual General Meeting; and
- i) 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 2020, the Co-operative Societies Act, the Co-operative Societies Rules or any other applicable law.

23.0. SUPERVISORY COMMITTEE

23.1. ESTABLISHMENT OF SUPERVISORY COMMITTEE

The SACCO Society shall have a Supervisory Committee consisting of three (3) members each elected at the General Meeting for a period of three (3) years, and one member of the supervisory committee shall retire annually.

No member who seeks to be elected into the Board shall be eligible for election into the Supervisory Committee during the same General Meeting.

23.2. QUALIFICATIONS FOR MEMBERS OF SUPERVISORY COMMITTEE

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

- a) has qualifications similar to those of Board Members; and
- b) in addition, at least one member of the committee must have basic knowledge in accounting, auditing or financial Management.

23.3. 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 General 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 Society; 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.

23.4. MEETINGS OF THE SUPERVISORY COMMITTEE

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

23.5. DUTIES AND RESPONSIBILITIES OF SUPERVISORY COMMITTEE

- i. The Supervisory Committee, shall in addition to the duties assigned to it under the Co-operative Societies Rules, perform the following functions in accordance with the Regulations 2020; -
 - a) review internal controls including the scope of the internal audit program, the internal audit findings, and recommend action to be taken by management;
 - b) review internal audit reports and their overall effectiveness, the scope and depth of audit coverage, reports on internal control and any recommendations and confirm that appropriate action has been taken;
 - c) ensure that accounting records and financial reports are promptly prepared to accurately reflect operations and results;
 - d) review management reports, and reports from the internal and external auditors concerning deviations and weaknesses in accounting and operational controls;
 - e) propose to the Board, the names of three (3) qualified persons, to be recommended to the General Meeting, for appointment as external auditors of the SACCO Society;

- f) monitor the ethical conduct of the SACCO Society 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 Society;
 - (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 General Meetings of the SACCO Society or the Authority or the Commissioner.
 - g) liaise with the Board in seeking solutions to problems facing the SACCO Society; and
 - h) perform any other duty or functions, and exercise any other power as provided in the Sacco Societies Act, the Regulations 2020, the Co-operative Societies Act, the Co-operative Societies Rules, these By-Laws and any other applicable law.
- ii. The Supervisory Committee shall not perform the duties or exercise any of the powers of the Board;

23.6. 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.

23.7. 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.

23.8. INTERNAL AUDIT FUNCTION TO TECHNICAL SUPPORT

The internal audit function of the SACCO Society shall be responsible to the Supervisory Committee and provide technical and secretarial support and services to the Supervisory Committee in accordance with the Regulations 2020; and the Chief Executive Officer and management staff provide appropriate facilitation to the Supervisory Committee in the performance of its duties.

23.9. 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, and shall be compensated under similar terms and circumstances; as prescribed for the members of the Board of Directors in these By-Laws.