

BALOZI SACCO SOCIETY LIMITED



INVEST IN SECURE HANDS

**BALOZI
SACCO
SOCIETY**

BY-LAWS OF BALOZI SACCO SOCIETY LIMITED

JUNE, 2014

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

PART ONE-NAME AND ADDRESS

1. NAME AND AREA OF OPERATION

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

2. REGISTERED OFFICE AND POSTAL ADDRESS

The Registered Office of the Society shall be situated at **Golf View Suites, Wambui road - Muthaiga, P.O. BOX 11539-00400 Nairobi.**

Telephone: 254-2211600

Cell phone: 0720-833326, 0733967707

E-mail: info@balozicoop.com

Website: www.balozicoop.com

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

3. DEFINITIONS AND INTERPRETATIONS

In these By laws, unless the context otherwise requires, words or phrases shall be defined/interpreted in accordance with the Co-operative Societies Act, Cap 490 and the Rules made there under herein after referred to as Act and shall include their subsequent amendments. The Bylaws shall be in accordance with the SACCO Society’s Act and the Regulations there under herein referred to as SACCO Act.

- a) **Apex Society** means a Society formed at the national level by the co-operative movement in Kenya and registered under the Co-operative Societies Act to promote co-operative development and represent the interests of Co-operative Societies locally and internationally.
- b) **Board of Directors** or **Board** means the governing body of the Society to whom the management of its affairs is entrusted
- c) **Board Charter** refers to the Society document that sets out the authority, responsibilities, membership and operations of the Board of directors and/or Board Committees.
- d) **Branch** means a retail and physical location, other than the headquarters from where the Society offers a wide array of face to face and automated financial services to members
- e) **Capital** means the permanent members equity in the form of common stock and includes all disclosed reserves, retained earnings, grants or donations
- f) **Commissioner** means the Commissioner for Co-operative Development.
- g) **Common Bond** shall mean any unifying factors that bring the members together. In this context it shall include individuals or organizations approved by the General Meeting.

- h) **Core capital** means the fully paid up members' shares, capital issued, disclosed reserves, retained earnings, grants and donations all of which are not meant to be expended unless on liquidation of the Society
- i) **Deposits** means a sum of money paid on terms under which it shall be repaid, with or without interests or premiums, and either on demand or at a time or in circumstance agreed by or on behalf of the person making the Society to receive it at a risk of the Society receiving it".
- j) **Dividends** means that member's share of the surplus of the Society which is divided amongst its members, calculated by reference to the proportion which that member's share capital bears to the total share capital of the Society
- k) **Financial investments** shall mean investments in government securities, shares and stocks, deposits in institutions licensed under the banking Act, and licensed SACCO societies.
- l) **General Meeting** shall be a meeting (either "annual" or "special") for all members duly convened by the Society to conduct its business.
- m) **Institutional capital** means and is comprised of statutory reserves, entrance fees, donated equity, a permanent capital base and any other reserves established by the Society's Board for which no claim has been placed by members or other parties.
- n) **Liquid funds** means cash and deposits with a maturity of not more than 30 days.
- o) **Member** means any person admitted into the Society in accordance with these By-laws.
- p) **Member in good standing** means a member who is current on the repayment of his/her loan payment due to the Society and who is current on making his required contributions and has not in any way acted in a manner which is potentially damaging to the Society and has fully complied with the policies and rules set by the Society Bylaw.
- q) **Members of the immediate family** means the nuclear family and includes the spouse, and children of each person eligible to be a member of the Society whether or not resident in the same household.
- r) **Minors** shall mean persons who are not up to 18 years of age but who benefit from some of the products and services of the Society.
- s) **NACO** means National Cooperative Organization
- t) **Net surplus** means the amount of income in excess of expenses of the Society computed before any allocation is made for members' dividends and/or interest paid in shares and deposits.
- u) **Permanent capital base** refers to the institutional capital contributed by members, which is not subject to distribution to members other than in the event of liquidation of the Society.
- v) **Rules** mean the Rules made by the Minister in charge of Co-operative Development and include the Co-operative Societies Rules and subsequent amendments
- w) **SACCO** means Savings and Credit Co-operative Society
- x) **Savings** means deposits payable on demand
- y) **Share** means the amount of money contributed by each member towards the capital of the Society. It is the permanent capital of the Society and is not refundable to the member but transferable
- z) **Society** means Balози Savings and Credit Co-operative Society Limited`.
- aa) **Special Resolution** means a resolution passed by two thirds of the members present and voting at a general meeting of the Society.

- bb) **Supervisory Committee** means an oversight committee elected at a general meeting.
- cc) **Tribunal** means the Co-operative Tribunal established under section 77 of the Act and Rules.

Where the masculine is applied in these By-laws, it shall be read to include the feminine gender.

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

PART TWO-OBJECTS OF THE SOCIETY

4. OBJECTIVES

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

- a) Promote thrift among its members by affording them an opportunity for accumulating their savings.
- b) Create a source of funds at a fair and reasonable rate of interest.
- c) Provide an opportunity for each of its members to improve the members' respective economic and social conditions.
- d) Provide members with credit for purposes of providence or production or both.
- e) Offer to the members complementary savings and credit services and other financial products and services as may be required by the members from time to time
- f) Ensure safety and soundness of the members' funds through a Risk Management Programme or appropriate insurance scheme.
- g) Ensure the progress of its members by educating them continuously on the proper use of financial services.
- h) Perform the function and exercise the power designated for savings and credit co-operative societies under the applicable law for the benefit of the members.

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

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

5. CO-OPERATIVE PRINCIPLES AND VALUES

In order to achieve the objects for which it is established, the Society shall practice the following International Co-operative Alliance Co-operative Principles and Core Values:

a) Principles

- i) Voluntary and open membership
- ii) Democratic member control
- iii) Economic participation by members
- iv) Autonomy and independence
- v) Education, training and information
- vi) Co-operation among co-operatives and
- vii) Concern for community in general

b) Core Values

The Society shall embrace the core values that entail: Integrity, Equality, Equity, Respect, Professionalism, Commitment, Transparency and accountability

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

6. MEMBERSHIPS AND SUBSIDIARIES

- a) The Society may become a member of any national or international organization that may best serve the interest of the Society.
- b) The Society may enter into memberships with organizations, institutions and such other service providers approved by the Board of Directors.
- c) The Society may form or participate in such subsidiaries as may be of benefit to the Society.
- d) The Society shall recognize the fact that such membership and collaboration are vital for the safety of its transactions and in the interest of its members.

PART THREE- MEMBERSHIP

7. MEMBERSHIP ELIGIBILITY

- a) The following individuals who have fulfilled the membership conditions in accordance with these By-laws shall be eligible for membership:-
 - i) Original members who signed the application for registration provided that they comply with these By-laws
 - ii) Employees of Non-governmental Organizations, International Organizations, Embassies and High Commissions
 - iii) New members subsequently admitted in accordance with these by-laws;
 - iv) Persons whose common bond include any of the following: US Embassy, USAID, Walter Reed Project (WRP), KK security, Peace Corps, CDC, KEMRI, HJF, DAI, Chemonics, Israel Embassy, Land O Lakes, Canadian High Commission , British Broadcasting Corporation (BBC) and any other organized groups that may be admitted by the Board of Directors and approved by the General Meeting.
 - v) Balozzi Investment Co-operative Society Limited and all its Projects and subsidiaries
 - vi) A past member who is still within the common bond subject to approval by the Board.
 - vii) Member's spouse(s) who is or are capable of making regular contribution to the Society.
- b) The rights of members shall be determined and exercised in accordance with the Act, these by-laws and valid resolutions of the Board of Directors;
- c) Any employee of the Society may become a member in the manner provided for in these by-laws;
- d) A member who ceases to qualify for membership under the common bond may retain full membership in the Society at the discretion of the Board of Directors;

8. MEMBERSHIP QUALIFICATIONS

A person of either sex shall be eligible for membership if he/she possesses either or all of the following qualifications: -

- a) Is within the field of membership, including but not limited to 7(a) (iv) and (vii) above.
- b) Is of good character
- c) Is an employee of the Society or a subsidiary of the Society
- d) Will accept to guarantee and be guaranteed for loans by members.
- e) Is not a member of another salary based SACCO in the country
- f) Is not carrying out such activities detrimental to the objectives of the Society
- g) Is of sound mind
- h) Has regular income from employment, business or trade
- i) Is resident within or occupies land within the Society area of operation
- j) Is in employment, occupation or profession which falls within the category or description of those in the Embassies and High Commissions fraternity , Non-governmental Organizations, International Organizations, and allied sectors,
- k) Employees of reputable and stable organizations approved by the Board.
- l) Is a spouse(s) of a member admitted into membership subject to the terms and conditions set by the Board of Directors;
- m) Pays the prescribed entrance fee and the minimum prescribed shares and deposits.
- n) Accepts the objectives of the Society, the obligations of members and other conditions as stated in these By-laws.

9. MEMBERSHIP APPLICATION FORM

- a) Every applicant for membership shall complete an “application for membership” form
- b) This form shall be drawn to show all the information necessary for the purpose of a Register of members.

10. MEMBERSHIP ADMISSION

An applicant shall be admitted to membership on being accepted by a simple majority vote of the Board of Directors, but shall not qualify for the rights and privileges of membership until he/she has paid an entrance fee and hold the minimum prescribed shares in the Society or as may be prescribed in the Membership Policy.

11. REFUSAL OF MEMBERSHIP

- a) The Board of Directors may refuse membership to any applicant by giving him/her reason for the refusal in writing, provided the person whose membership has been refused, if aggrieved by the decision, shall have the right to appeal to the next general meeting through a member.
- b) Any such appeal must be supported by the number of active members and upon payment of a fee as may be prescribed in the Membership Policy. The decision of the General Meeting on the matter shall be final.

12. MEMBERSHIP RIGHTS

Subject to these By-laws, policies, standards, values and procedures, all members shall have the right to use the Society’s services and exercise the rights established by the Act, the Rules and By-laws, the members are entitled but not limited to: -

- a) Access a statement of accounts containing the individualized record of his/her credit and debit transactions
- b) Attend and participate in elections and general meeting. Each member shall have one vote irrespective of the member's total share and deposit holding.
- c) Elect or be elected as a Board or Supervisory Committee member of the Society unless otherwise prohibited by any other Law or these By-laws.
- d) Use the Society services according to the Policies and Procedures approved by the Board of Directors.
- e) Submit projects or initiative to the Board of Directors, for consideration that focus on the expansion or improvement of financial services;
- f) Appoint a nominee
- g) Share in surpluses
- h) Vote on all matters put before the general meeting
- i) Access all legitimate information relating to the Society at the registered office of the Society subject to the Society policy and regulations
- j) All other rights as prescribed by the Co-operative Act and Rules

13. MEMBERS OBLIGATIONS

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

- a) Pay their debt obligations to the Society without fail
- b) Save regularly with the Society to mobilize funds for lending to the members.
- c) Put forth qualified candidates for office;
- d) Support issues put forth that improve the sustainability of the Society and promotes the good will of all members.
- e) Show good co-operative spirit in line with the Cooperative Principles
- f) Be faithful and honest in all their dealings with the Society.
- g) Observe the code of conduct and ethics for cooperative societies and in particular desist from any corrupt practices in all dealings with the Society.
- h) Refrain from engaging in the business that conflicts with interest of the Society.
- i) Protect the image of the Society and avoid unnecessary publicity, incitement or careless talk that can injure the reputation of the Society.
- j) Seek co-operative education to improve membership awareness and enlightenment.
- k) Attend meetings and education fora and take part in decision-making.
- l) Inform non-members and encourage them to join the Society,
- m) Bring out problems affecting the Society and suggest solutions,
- n) Participate in the Society projects
- o) Make use of the services of the Society as stated in the objects of the Society,
- p) Abide by all terms and conditions of the Act, these by-laws, the Rules, policies and contracts of the Society.

14. MEMBER PERSONAL ACCOUNTS

- a) Every member shall be issued with a membership identification card. And a membership number shall be assigned to every member for the purpose of identifying his account with the Society.
- b) The Society shall allow accessibility to statements of accounts containing a record of the members' transactions with the Society through the office, website or other acceptable mode of transmission.
- c) The general provisions and treatment of dormant accounts shall be provided in the Dormant Account Policy.

15. PENALTIES

- a) Any member who willfully acts in violation of these by-laws or regulations made thereunder shall be liable to a fine not exceeding twenty thousand shillings (Kshs.20,000) for each offence notwithstanding any other action that may be taken against him in accordance with the Act, Rules, these by-laws or any other law.
- b) The Board of Directors of the Society shall have powers to hear and determine matters relating to any alleged violation of By-laws by members. Any member aggrieved by the decision of Board of Directors may appeal to the general meeting whose decision shall be final. Provided this provision shall not prejudice a members' right to refer the matter to the Tribunal, if the issue constitutes a dispute.

16. APPOINTMENT OF A NOMINEE (S)

- a) Every member of the Society shall appoint a nominee(s) to whom upon the member's death the share, deposits and other interest in the Society shall be transferred;
- b) Every appointment of a nominee(s) shall be made in writing and signed by the member in the presence of two or more competent witnesses;
- c) Where more than one nominee is appointed by a member the member shall specify the amount of deposit to be transferred to each nominee provided, however, that where no amount is specified each of the nominees shall receive an equal share.
- d) A member desirous of changing his/her nominee(s) may do so at any time provided that such change is made in the presence of two or more competent witnesses;
- e) The particulars of nominee(s) shall be recorded, sealed and placed in the custody of the Manager and reference thereto shall be entered in the register of members.
- f) In an event that there is no nominee, disputes regarding shares, deposits or any other interest of deceased member may referred to the Tribunal.

17. PAYMENT TO UN-ADMITTED NOMINEE

In case of death of a member, the Society after satisfying itself and after obtaining such documentary proof of the death of a member as it may consider necessary, shall pay to un admitted nominee the value of the deceased member's share.

18. VOLUNTARY WITHDRAWAL

- a) Members with no liability or outstanding obligations on their Accounts and no outstanding collateral's or guarantees for other member's loan may withdraw from membership at any time. The operational details shall be provided in the Membership Policy
- b) In spite of losing their status as members, individuals who have withdrawn from membership but still have outstanding loan balances or outstanding guarantee for other members' loans shall continue being responsible for their respective obligation unless alternative arrangement, acceptable to the Society is made.

19. NOTICE OF VOLUNTARY WITHDRAWAL

- a) A member may at any time withdraw from the Society by giving 60 days' written notice to the Society during which time the Society will settle the member's Accounts and refund the member's deposits if he/she has no outstanding liability with the Society.
- b) A member who is withdrawing may pay to the Society an amount and or penalties out of his/her deposits as may be prescribed in the Membership Policy.

20. CESSATION OF MEMBERSHIP Membership in the Society shall be terminated upon: - a) Voluntary resignation by the member.

b) Death of the member.

c) A vote of the membership at the next General Meeting following suspension by the Board of Directors of a member for any violation of these by-laws or conduct otherwise prejudicial to the Society's interests.

d) Becoming certifiably insane and confirmed by a medical practitioner

e) Conviction by a court of law for dishonesty

f) Being declared bankrupt by a court of law

g) Ceasing to hold the qualifications for membership stated in these By-laws.

21. SUSPENSION AND EXPULSION

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

a) Is convicted in court of a criminal offence involving dishonesty or imprisonment for any other offence for three months or more.

b) Acts in any way detrimental or prejudicial to the Society's interests or for other just cause

c) Willfully fails to comply or refuse to comply with the Society's by laws and policy.

d) Fails to meet the requirements stated in the Co-operative Societies Rules

e) Is found to have willfully furnished false particulars in his application for membership to the Society

f) For any other reason approved by the Board of Directors and/or as may be contained in the Society's code of ethics.

22. SUSPENSION AND EXPULSION PROCEDURE

a) Upon formal and written announcement and proof that a member has committed a violation punishable by expulsion, the Board of Directors shall provide written notice to the member stating the reason(s) for the suspension and proposed expulsion, and grant the member thirty (30) days for the member to prepare a defense if any

b) Upon expiry of the thirty (30) days and taking into consideration the member's defense, the Board shall initiate an administrative Inquiry and take a decision on its findings within 30 days.

c) A member so suspended by the Board of Directors shall have the right to appeal at the next General Meeting provided the notice and grounds of such appeal have been filed with the Honorary Secretary no less than fifteen (15) days before the date of the Meeting.

d) Upon hearing the appeal, the General Meeting may:

i) Reinstatement the member;

ii) Confirm the suspension and consequently expel the member;

iii) Impose such fine as it may deem fit;

iv) Take other lawful action.

e) A member so suspended or expelled loses voting rights and cannot attend Society Meetings unless invited by the Honorary Secretary in writing.

f) A member so expelled shall have the right to appeal to the next General Meeting convened in accordance with these by-laws, which may reinstate him or not provided that such an appeal is backed the number of members prescribed in the Membership policy.

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

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

- a) Where a member wishes to withdraw from the Society he will be required to give the Society a written notice of not less than 60 days of his intention to withdraw.
- b) No member shall be allowed to withdraw from the Society unless his/her outstanding loan is repaid in full or the loan balance can be fully offset against his deposits, such a member will also have to satisfy the Society that all the loans guaranteed have been paid in full.
- c) A member who has withdrawn from the Society may be accepted to join after a period of not less than six months of the withdrawal.
- d) A rejoining fee may be charged on the rejoining member in addition to the normal entrance fee and as may be prescribed in the Membership Policy
- e) A member who resigns, retires or is separated from his/her employment and opts to cease to be a member of the Society qualifies to benefit from the dividends and interest as long as his funds remain in the Society books at the closure of the financial year.

PART FOUR-ENTRANCE FEES AND SHARE CAPITAL

24. ENTRANCE FEE

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

25. SHARES

- a) The nominal value of each share shall be Kshs.100/= and every member shall hold the minimum prescribed shares in the Society, but no member shall hold more than one-fifth of the total shares.
- b) Any amount may be accepted towards the purchase or increase of shares provided however, that the Board of Directors may fix a minimum amount that may be paid by a member at any one time.
- c) With the approval of the Board of Directors a member may at any time transfer his/her shares to another member. Such transfers must be in writing and at nominal value.
- d) All transfers must be registered with the Chief Executive Officer, and no transfer shall be valid unless so registered.
- e) No member shall be allowed to reduce his/her shareholding by part withdrawal of shares or otherwise.

26. DEPOSITS

- a) The Society shall have a written Savings policy.
- b) All withdrawable deposits shall attract interest at a rate prescribed in the terms and conditions of the deposit.

- c) The amount accumulated in the Deposit accounts may be used as collateral against borrowings and shall be refunded only when a member withdraws from membership provided the member has fully repaid all his debts and obligations, and is free from any guarantee.
- d) Non-withdrawable deposits shall attract interest at a rate to be determined by the Society and as dictated by external market forces or internal funding needs.

27. LIABILITY OF MEMBERS

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

PART FIVE – FUNDS OF THE SOCIETY

28. SOCIETY FUNDS

The funds of the Society shall consist of: -

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

29. APPLICATION OF SOCIETY’S FUNDS

The Funds of the Society shall be applied for the promotion of the stated objects and purposes of the Society as set forth in these By-laws and as determined or approved by the General Meeting.

30. POWERS TO BORROW AND CREATION OF A CHARGE

- a) The Society may borrow loans or deposits from non-members subject to the maximum determined by the General Meeting, which shall be notified to the Commissioner.
- b) For the necessary Security of any Loans accepted by the Society under paragraph (a) above, the Society may grant a charge over the assets of the Society.
- c) The rate of interest on loans or deposits shall be determined by the Board of Directors.

31. RECEIPTING FOR MONEY

Members shall be provided with a receipt by the Society, which shall serve as a confirmation of every transaction processed between members and the Society.

32. EXPENDITURE

All expenditure shall be guided by the budget and any exception shall be authorized by the Board of Directors.

33. LIQUIDITY MANAGEMENT

- a) The Board of Directors shall formulate the Liquidity Policy for the Society.
- b) The Society shall maintain adequate liquidity as required by law.

34. RESERVES

- a) Subject to the provisions of Section 47 of the Co-operative Act, and approval of the Board, the Society shall pay one-fifth (20%) of its net surplus resulting from the operations during the financial year to the Reserve Fund.
- b) The Reserve Fund of the Society shall be invested or deposited in the manner provided for in Section 45 of the Act and the Rules.
- c) On dissolution of the Society, the Reserve Fund shall be applied for in the manner provided for in the Act and Rules.

35. INVESTMENTS

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

PART SIX- DISTRIBUTION OF SURPLUS

36. DISPOSAL OF SURPLUS

Subject to the Act and Rules, and approval by the General Meeting, the net surplus resulting from the operations of the Society during any Financial Year shall be disposed of as follows: -

- a) Not less than one-fifth (20%) shall be credited to the Reserve Fund.
- b) The Balance may be disposed off as the Board may decide and approved by the Annual General Meeting:-
 - i) Paying dividend on shares at a rate to be determined by the Board of Directors and ratified or approved by the General Meeting.
 - ii) Paying interest on deposit at the close of the financial year.
 - iii) Setting it aside in institutional reserves to which no member has a claim in order to build institutional capital;
 - iv) An amount not exceeding 10% of the remaining net balance may be paid to any charitable purpose;
 - v) Paying bonus, honoraria, allowances and other monies to the members of the committee, officers or employees of the Society as determined by the Annual General Meeting;
 - vi) Be carried forward to an education fund, investment fund or any other fund or funds of the Society, including appropriation account.
 - vii) In any other way approved by the Annual General Meetings;
- c) The detailed Policies and Procedures shall be provided for by the Board of Directors in the Dividends Policy.
- d) Computation of Interest on deposits shall be paid based on the terms and conditions provided in the Savings and deposits policy.
- e) All honoraria payable to members of the Board of Directors will be approved at the Annual General Meeting. The rates of honorarium shall be reviewed from time to time

by the Board of Directors to adequately reflect the operational efficiency and the volume of business transactions.

PART SEVEN - GOVERNANCE OF THE SOCIETY

37. GOVERNANCE STRUCTURE

The Governance structure of the Society shall comprise of the General Meeting that has the overall control of the Society, Board and staff

38. BRANCHES, SERVICE CENTRES AND AGENCIES

- (i) The Society may have as many electoral zones (representation) service centres, branches or agencies as may be established by the Board of Directors from time to time
- (ii) Where the Board has established a Branch or Site office, it shall offer such services as may be approved by the Board of Directors.

39. ANNUAL GENERAL MEETING

The Supreme authority of the Society shall be vested in the Annual General Meeting where members shall have the right to attend, participate and vote on all matters. Such a meeting shall be held in the manner prescribed in the Act as follows: -

- a) The Annual General Meeting shall be held within four months of the close of the financial year to undertake such other businesses as laid down in the Act and such other as shall appear in the notice convening the meeting.
- b) The General Meeting of the Society shall be convened by giving at least fifteen (15) days written notice to the members
- c) The Chief Executive Officer shall take all possible and usual steps, such as announcements at public meetings, posting a notice on the Society's notice board or boards, an advertisement in the local newspaper or newsletter, to inform all members of the date and main business of the meeting. All written notices shall include a statement of the business to be dealt with.

40. SPECIAL GENERAL MEETING

A Special General Meeting of the Society may be convened-

- a) When convened by the Board of Directors or the Commissioner or
- b) Within 15 days on receipt of a written demand from at least 500 or 25% of the Society's membership whichever is less. Provided that the members seeking for the Special General Meeting shall be drawn from at least three agencies or employers
- c) Any business not completed at the Annual General Meetings may be taken up at a subsequent Special General Meeting, or at the next Annual General Meeting

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

41. QUORUM

Except when convened by the Commissioner, the presence of at least one hundred (100) members or one fifth of the total membership, whichever is less, shall constitute a quorum for the commencement of business at a General Meeting. When a quorum is not

attained, the Chairperson shall adjourn the meeting, which shall be advertised as prescribed in the by-laws. If at such a meeting, a quorum is again not attained, the Chairperson shall declare the meeting open with those present, one-half hour after the advertised time of the meeting.

42. REQUIRED MAJORITY

Under these By-laws, members may do the following:

- a) Take action to remove Board members whose terms have not expired as long as the affirmative vote of at least a two thirds majority of members present at the meeting is received and provided that the notice convening the meeting specified that such agenda would be considered at that meeting;
- b) Adopt amendments to these by-laws as long as a two thirds majority of the members present vote in favors of the amendment;
- c) Decide by vote of a majority of members present any question of interest to the Society provided that the notice convening the meeting specified that such question would be considered at that meeting. More particularly, a member may take one or more of the following actions:
 - i) Take a majority vote on any action which, if approved at the meeting, would not dilute the value of a member's share, or which could reasonably be interpreted as jeopardizing the financial interests of those members not present;
 - ii) Fill by majority vote any vacancy caused by the removal of a Supervisory Committee member or Board member;
 - iii) Any other motion approved by simple majority of votes of those present.

43. ENFORCEMENT OF DECISION

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

44. CHAIRPERSON AT MEETINGS

The Chairperson or in his absence, the Vice-Chairperson shall preside at every General Meeting. In their absence, any board member elected by majority of Board members shall preside failure to which any member elected by a majority of the members present shall preside.

45. IDENTIFICATION OF MEMBERS

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

46. POWERS AND DUTIES OF ANNUAL GENERAL MEETING

The Supreme Authority shall vest in the Annual General Meeting which shall be constituted by members. The Annual General Meeting shall have the powers and duties prescribed in section 27(5) of the Co-operative Act. At the General meeting, members shall: -

- a) Confirm the minutes of the previous meeting.
- b) Elect Board of Directors and Supervisory Committee Members for the ensuing year.
- c) Consider and approve estimates of income and expenditure for the ensuing financial year or part thereof.
- d) Appoint the Society's Auditors for the ensuing year.

- e) Receive reports and decide upon matters as may be necessary for the conduct of the Society's business.
- f) Consider the statement of accounts, the Auditors report and the reports of the Board of Directors and Supervisory Committee on the activities of the Society during the past financial year.
- g) Confirm or otherwise consider actions taken by the Board of Directors, and give direction where necessary.
- h) Consider appeals against the expulsion of members and refusal of membership by the Board of Directors.
- i) Elect, suspend or remove members of the Board of Directors and Supervisory Committee provided that proper notice and the purpose of the agenda have been given in advance.
- j) Consider and decide upon the maximum borrowing power which the Society may incur in loans ;
- k) Subject to the By-laws, decide the disposal of the net surplus resulting from operations of the Society during the past financial year.
- l) Consider the honoraria, bonus, and other allowances if any, for the Board of Directors, Supervisory Committee or employees.
- m) Receive, deliberate and make decisions on the report of the Commissioner's, if any.
- n) Consider and approve the new members enrolled to the Society by the Board of Directors and staff during the past year.
- o) Transact any other general business of the Society of which notice has been given to the members as prescribed in these By-laws.

Provided that the new Board of Directors may not take office until items (a) to (o) above have been dealt with

47. MINUTES

- a) All business discussed at a General Meeting shall be recorded in a Minute Book or Minute record which, within one week of the meeting, shall be signed by the Chairperson of the meeting and at least one other Board member who was present at the meeting to verify that in their opinion the minutes are a true and complete record of all important matters which were discussed or decided at the meeting.
- b) At the next meeting, after approving any alterations or variations, which shall be written immediately below the above signatures and not as alterations to the original record, the meeting shall by resolution, authorize its Chairperson to sign and date the final record.

48. ELECTIONS

- a) To facilitate services to members countrywide, the Board may establish branches and site offices and circulate or cause to be circulated a list of such branches and site offices to all members for their information
- b) An election candidate who is evidently known to engage in bribery, corruption, undue inducement of other members or of an election malpractice of any description, shall stand disqualified regardless of the seat he seeks.
- c) Nomination shall be done on the floor
- d) Methods of voting:
 - i. All elections shall be by show of hands, secret ballot or queuing whichever is accepted by the majority of members present.

- ii. No member shall be entitled to vote by proxy
- iii. No member, irrespective on the number of shares or deposits held by him/her, shall have more than one vote.
- iv. A member can be voted in absentia;
- e) Within fourteen days after their elections the names and addresses of all persons elected to office shall be forwarded by the Chief Executive Officer to the Commissioner.

PART EIGHT- BOARD OF DIRECTORS AND COMMITTEES

49. COMPOSITION AND MEETINGS

- a) The Board of Directors shall be elected by and from the members and shall comprise of a minimum of five (5) and a maximum of nine (9) members including the Chairperson while observing 1/3rd gender rule.
- b) All Board members shall be at least 18 years of age.
- c) The Chief Executive Officer or his/her appointee shall be an ex-officio member of the Board of Directors and any Board Committee of the Society
- d) The Board may appoint ad hoc committees with specific terms of reference and time frames to address specific issues and such committees shall be entitled to allowances as provided in the Board Charter
- e) The Board of Directors shall deliberate and be informed about the condition of the Society in order to provide oversight guidance and policy direction to the management.
- f) A member of the Board who fails to attend three consecutive meetings, without reasons acceptable to the Board, may be suspended.
- g) The Quorum shall be five (5) members in attendance. In case the Chairperson and the Vice Chairperson are absent, a Chairperson for the meeting shall be elected among those present. In case of tie in vote in the Board the Chairperson shall have casting vote.
- h) All meetings of the Board of Directors may be called by the Chairperson giving at least three (3) days prior notice to all the Committee members. Any other special meeting may be called by any of the Board members in consultation with the Chairperson for which adequate notice and agenda must be availed.

50. CONDUCT OF BUSINESS

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

51(a) ELECTION OF BOARD OF DIRECTORS

- a) The Board of Directors of the Society shall be elected for a term of three (3) years subject to one third (1/3rd) retiring annually, except for the Chairperson and the Vice-Chairperson who shall retire at the end of the third year. The retiring members shall, however be eligible for re-election.
- b) If during the term of office of the Board, a vacancy occurs in the Board, the Board may, co-opt a member of the Society to serve on the Board until the next general meeting of the Society.

- c) Elected members of the Board may be removed only by a two-thirds majority of the members of the Society present and voting at a general meeting.
- d) The elected Board members shall comply with the Board Charter which shall define roles and functions of the board, conduct, qualifications and experience of members of the board and Board committees
- e) If a Member of the Board of Directors fails to attend three consecutive Meetings without acceptable reasons or otherwise fails to perform his duties in his position as a Board member, the Board of Directors may co-opt a member into the Board after his removal.
- f) Where a member of the Board is out of station for a period exceeding 6 months and is therefore unable to perform his duties, his position may be declared vacant
- g) A person elected as a delegate or into a Board of a National Co-operative Organization or Apex Society on the basis of his elected position shall cease to be a member of the Apex Society or National Co-operative Organization in the subsequent Annual General Meeting upon ceasing to be a Board member of the Society.

51(b) INELIGIBILITY OF MEMBERS OF BOARD OF DIRECTORS

No member shall be eligible to be elected into the Board if he/she: -

- a) Acts in a manner that is detrimental to the well being of the Society;
- b) Receives any remuneration, salary, or other payment from the Society save in accordance with the Act;
- c) Has a record of lending members money on his/her own account;
- d) Is bankrupt or of unsound mind;
- e) Has been convicted of an offence involving dishonesty or has been imprisoned for three months or more;
- f) Is an inactive member of the Society whose monthly savings and loan repayments have not been remitted for a period of three months;
- g) Is not able to read, write and understand the English and Kiswahili language;
- h) Is unable to file an indemnity and declare his/her wealth within 14 days and 30 days respectively after being elected.
- i) Is a member of a Society with similar objectives as Balozi SACCO,
- j) Has been adversely named by the Commissioner or Authority in an inquiry report adopted by a general meeting for mismanagement or corrupt practices while a member of the Board of Directors;
- k) Has been convicted of any offence under the Act or Rules;
- l) Is a person against whom any amount of money is due under a decree, decision or order or is pending recovery under the Act
- m) Is a member of an existing Board of Directors and, becomes delinquent and does not make good the default within a period of 90 days.
- n) Does not meet the minimum Board of Directors qualification standards as may be established by the Committee or Act and the Rules;

52. FUNCTIONS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

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

- a) Observe in all its activities the Act, Rules and these By-laws.
- b) Generally direct and monitor the affairs of the Society.

- c) Act upon all applications for membership unless a Membership officer is appointed to do so.
- d) Establish appropriate policies including but not limited to human resource policy, credit policy, investment policy, savings policy, liquidity policy, pricing policy, information preservation policy, dividend policy and risk management policy.
- e) Ensure that true and accurate records and accounts are kept of the Society's money, and its properties, capital reserves, liabilities, income and expenses.
- f) Decide the amount and kind of surety, bond or other security, which shall be required of the Chief Executive Officer and any other officer or employee having the custody of, or handling funds or property of the Society.
- g) Cause Annual returns to be filed with the Commissioner.
- h) Cause monthly returns for remittances to be submitted to Commissioner.
- i) Cause to be prepared estimates of the Society's income and expenditure including recurrent and capital estimates for approval by the General Meeting at least three (3) months before the end of the preceding financial year.
- j) Cause to be kept proper books of accounts prepared in accordance with International Financial Reporting Standards.
- k) Ensure that the Society makes adequate provisions for known and probable losses likely to occur as required by the regulations.
- l) Ensure that the Society maintains a positive image within the industry and the economy as a whole.
- m) Draft or cause to be drafted the Internal Regulations which shall include all matters which have not been taken care of in these By-laws which all for specific enactment to ensure smooth functioning of the Society.
- n) Determine from time to time the interest rates on loans (subject to the maximum permitted by-laws) the maximum maturities and terms of payment or amortization of loans to member; and the maximum amount they may be loaned with or without security to any member. When, by action of the Committee, the interest rates on future loans are reduced, similar action may be taken with regard to interest rates on unpaid balance of existing loans.
- o) Lay before the Annual General Meeting a Balance Sheet and Final Accounts and Budget for the following year.
- p) Recommend to the Annual General Meeting the dividend rate to be paid on shares and interest on deposits (if any) to be paid to borrowers.
- q) Fill vacancies occurring in the Board and Board committees.
- r) Determine the Society electoral zones and Branches when the need arises
- s) Authorize investments of the Society .
- t) Authorize the conveyance of property of the Society.
- u) Authorize borrowing and lending operations of the Society in accordance with the Act, Rules and Regulations.
- v) Designate a depository, or depositories, for the funds of the Society.
- w) Submit Proposals to the General Meetings and provide information necessary to enable the members deliberate and take actions.
- x) Make capital expenditures in any amount as contained in the budget;
- y) Introduce new member services and establish pricing for services including interest if applicable and fees;
- z) Report to the Annual General Meeting on their significant activities and actions;
- aa) Employ, terminate and fix remuneration for a manager and such other employees as may be necessary to carry on the business of the Society

- bb) Impose fines on errant members.
- cc) Approve transfer of shares between members.
- dd) Determine the Interest rates, which shall be paid on deposits.
- ee) Where appropriate, affiliate and maintain liaison with the National and International Apex Organization.
- ff) Nominate the delegates to represent the Society in a National Co-operative Organizations or International Co-operative Organization other Apex Society of which this Society is a member,
- gg) Perform such other duties as are necessary to preserve the sound management of the Society.
- hh) Perform or authorize any action consistent with the Act, Rules and these By-laws, unless specifically reserved for the General Meeting.

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

- a) In the conduct of the affairs of the Society, the Members of the Board of Directors shall exercise the prudence and diligence of ordinary men of business and shall be held, jointly and severally liable for any losses sustained through any of their acts which are contrary to the Act, Rules and the By-laws of the Society or the directions of any General Meeting of the Society or any other applicable law.
- b) Every Board member shall, pursuant to section 27(b) of the Act, file an indemnity, whose amount the General Meeting shall determine and which shall be lodged with the Commissioner within fourteen (14) days of his/ her election to the Board.
- c) The Board of Directors shall execute an indemnity as may be fixed from time to time and approved by the Annual General Meeting.
- d) Every Board member and other officers of the Society shall within thirty (30) days of being appointed, declare their wealth to the Commissioner.

54. CODE OF CONDUCT

- a) Every officer of the Society shall comply with governance rules as prescribed by the Ethics Commission for Co-operative Societies
- b) The Society shall prepare a Code of Conduct as set out in the regulations to be approved by the Authority.
- c) Any officer who violates the Society's Code of conduct commits an offence and the Board shall take the necessary action in line with the provisions of the Regulations.

55. CONFLICT OF INTEREST

- a) Every Board member and employee of the Society shall be required, before taking part in any business transaction which the Society may be about to discuss, or initiate to disclose any personal interest in the matter and shall not take part in any discussion or vote upon that item of business.
- b) The Board member or employee shall physically absent himself/herself from the discussion unless it is determined that the individual has relevant information to provide. Failure to divulge this information shall result in removal from office or termination of employment.

- c) Every board member or employee of the Society carrying out activities detrimental to the objective of the Society shall be removed from the office or terminated from employment

56. CONFIDENTIALITY BY OFFICERS OF THE SOCIETY

- a) The members of the Board of Directors and employees of the Society shall hold in the strictest confidence all transactions of the Society, with its members, and all information respecting their personal affairs, except to the extent deemed necessary by the Board of Directors in connection with the loans and the collection thereof.
- b) In case of breach of confidentiality, besides the resulting action for damages, the responsible party shall be removed from the office or their employment terminated.
- c) No Board member, or employee of the Society shall in any manner participate in the deliberations upon, or determination of any issue affecting his/her own financial or personal interest. In the event of disqualification of any such Executive Officer, Board of Director or employee, he/she shall withdraw from such deliberation or determination, and the remaining qualified Board members present at the meeting, if constituting a quorum, may exercise with respect to the matter, all the powers of the Board of Directors.

57. DELEGATION OF DUTIES

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

58. RECORDS OF BOARD OF DIRECTORS MEETINGS

- a) All Business discussed or decided at Board of Directors meetings shall be recorded in Minute Book which, within one week of the Meeting, shall be signed by the Chairperson of the meeting, and at least one other Board Member who was present at the meeting to verify that in their opinion, the minutes are a true and complete record of all important matters which were discussed or decided at the meeting.
- b) At the next meeting, after approving any alterations or variations, which may be written immediately below the above signatures and not as alterations to the original record, the meeting shall authorize the Chairperson to sign and date the final record.

59. BOARD COMMITTEES

- a) The Board of Directors may appoint or delegate to the Board Committees such of its powers and duties under these By-laws, as it deems fit and proper, provided that the Board remains responsible. The Board Committees shall consist of persons drawn from among its members.

- b) The quorum of the Board Committee meetings shall be two thirds of the members of the Board Committee.
- c) The Chief Executive Officer shall be in attendance in all Board and Board committee meetings together with other Management staff as the Board may authorise to facilitate effective deliberations.

60. VACATION OF THE OFFICE BY BOARD MEMBER

- i) A member of the Board of Directors or any other Board committee shall cease to hold office if he:
 - a) ceases to be a member of the Society
 - b) becomes ineligible for any other reason (s) spelt in the by- laws
- ii) All Board members shall automatically lose their seats in the next Annual General Meeting of the Society if they fail to cause the accounts of the Society in respect of the Society`s business for the previous year to be audited within four (4)months of the close of the financial year, unless as a result of force majeure.

61. REMOVAL FROM OFFICE

- a) The Board of Directors may by majority vote remove any Board member who violates the Act or Rules made there under, these by-laws or for any other good or sufficient cause. No person may be removed by this by-law until the person has been informed in writing of the reason for his proposed removal and has been given the opportunity to appear before the board of directors to rebut the allegations made against him. Provided that these conditions do not preclude the Board from temporarily suspending the person or persons and removing them from their positions in order to protect the well being of the Society until such time as a final determination is made;
- b) A vacancy shall be filled by co-opting a new representative from the same agency
- c) If a Board member is absent without reasonable cause from three consecutive meetings of the Board of Directors, such Board member shall be removed from office by resolution at the next Board of Directors Meeting. The vacancy arising therefrom shall be filled by the Board as hereunder;
- d) The Board of Directors shall by a majority vote of the board members then holding office appoint a member of the Society to fill the vacancy occurring on the board. Appointments under this provision shall be valid only until the next general meeting of the Society where, the members shall elect a board member to serve for the balance of the unexpired term.

62. EXECUTIVE COMMITTEE

- a) The Executive Committee shall provide oversight on behalf of the Board, over all Finance and Administration matters,
- b) The Executive Committee shall be elected at a meeting of the Board within 7 days after each Annual General Meeting, in accordance with these by-laws.
- c) The Executive Committee shall consist of four members including the Chairperson, Vice-Chairperson, Honorary Secretary and Treasurer of the Society. The Chief Executive Officer and any other proposed Management staff may serve as ex-officio members.
- d) Ensuring that the Society has a solid Human Resource and Administration process, policies and procedures

63. CHAIRPERSON AND VICE-CHAIRPERSON

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

64. TREASURER

The powers and duties of the Treasurer shall be to: -

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

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 reports showing the position of the Society at the end of each such month

65. HONORARY SECRETARY

The duties of the Honorary Secretary are to:-

- a) Ensure the proper record of minutes of the Board of Directors meetings and General Meetings
- b) Ensure the communication of notices of meetings.
- c) Ensure display the audited accounts in a conspicuous place at the head office before presentation to the members in the general meeting.
- d) Perform such other duties as may from time to time be assigned by the Board of Directors

66. FINANCE COMMITTEE

- a) The Finance Committee shall consist of three members who shall be members of the Board of Directors provided that the Treasurer shall be a member of the Finance Committee.
- b) The Finance Committee shall hold such meetings as the business of the Society may reasonably require.
- c) The Finance Committee shall keep records of its actions and shall report to the Board of Directors
- d) Other duties of the Finance Committee shall include;
 - i. Overseeing the development and implementation of comprehensive policies and procedures encompassing all Finance, Investment, Assets Liability Management and Risk management matters.
 - ii. Reviewing the Society's Annual Budgets, ensuring that these are in accordance with Institutional Strategy and recommending approval to the Board
 - iii. Monitoring the Institution's financial performance vis-à-vis approved Budgets

- iv. Providing oversight over the Society financial risk management activities especially with regard to interest rate risk, liquidity risk, credit risk and capital risk, legal and regulatory risk.
- v. The duties and responsibilities of the Finance Committee shall be as prescribed in the Board of Directors Charter.

67. CREDIT COMMITTEE

- a) The Credit Committee shall consist of three members who shall be members of the Board of Directors. The Credit Committee shall be chosen at a meeting of the Board of Directors within seven days after elections. The Credit Committee shall hold such meetings as the business of the Society may reasonably require, but not less frequently than once a month.
- b) The Credit Committee shall keep records of its actions and shall report to the Board of Directors
- c) The duties of the Credit committee shall include to:-
 - (i) Ensure establishment and review of appropriate Credit policy consistent with the relevant provisions of these bylaws.
 - (ii) Ensure that the problem of loan accounts are adequately identified and classified as prescribed in the Regulations.
 - (iii) Ensure adequate provisions for potential loss is maintained.
 - (iv) Review periodic credit and loan portfolio reports of the Society before submission to the Board.
 - (v) Perform such other duties and responsibilities as may be prescribed in the Board of Directors Charter.

68. BUSINESS DEVELOPMENT AND EDUCATION COMMITTEE

- a) The Business Development and Education Committee shall consist of three members who shall be members of the Board of Directors.
- b) The Vice Chairperson shall be the Chairperson of the Business Development and Education Committee. The committee shall elect its Secretary and member.
- c) The Business Development and Education Committee shall perform the following duties: -
 - i. Coordinate the Business strategy and marketing of the Society
 - ii. Assess education needs of the members , training needs of all the staff of the Society and training needs of the Board of Directors;
 - iii. Organize education and training for members, staff and Board of Directors
- d) The duties and responsibilities of the Business Development and Education Committee shall be as prescribed in the Board of Directors Charter

69. SUPERVISORY COMMITTEE

- a) There shall be a Supervisory Committee consisting of three (3) members. The Supervisory committee shall be elected by the members at the Annual General Meeting. The supervisory committee shall consist of three members all of whom shall not be employees of the Society, members of the board or any Board committee. Provided that one of the members shall have accounting knowledge.
- b) The Supervisory Committee members shall choose among their number a Chairperson, Secretary and a member.
- c) The term of the committee members will be three (3) years with one third retiring yearly on rotational basis but eligible for re-election.

- d) The minimum qualification standards and duties and responsibilities of the Supervisory committee shall be as prescribed .
- e) If during the term of office of the Supervisory Committee, a vacancy occurs in the Supervisory Committee, the Board may, co-opt a member of the Society to serve on the Supervisory Committee until the next general meeting of the Society.
- f) The Supervisory committee shall make, at least once every three months, an investigation into the affairs of the Society, including an audit examination of its books; and shall make a report thereof to the next meeting of the Board of Directors. The supervisory committee shall also make a yearly report to the Annual General Meeting.
- g) The supervisory committee shall, from time to time and at least once every year, cause the statement of accounts of all members to be compared with the records of the Society and confirmed to the members. The committee shall maintain a permanent record of all such verifications.
- h) The supervisory committee shall cooperate with the Board of Directors in seeking solutions to problems facing the Society and as per rule 28(3) of 2004.
- i) Without intervening in the administrative functions subject to its control and supervision, the Supervisory committee shall be responsible for compliance, internal control and oversight.
- j) The Supervisory performance of Committee members are jointly and severally liable to the members for the non-performance of their duties whether resulting from the lack of supervision or negligence in noticing illegal, unsound and fraudulent acts.
- k) The Supervisory Committee shall not perform the duties or exercise any of the powers of the Board of Directors of the Society.

70. SOCIETY EMPLOYEES

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

PART NINE- SACCO SOCIETY CHIEF EXECUTIVE OFFICER

71. CHIEF EXECUTIVE OFFICER

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

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

72. DUTIES OF CHIEF EXECUTIVE OFFICER

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

- a) Manage the affairs of the Society in a competent manner.
- b) Attend Board of Directors meetings and the Annual General Meetings in an advisory capacity but have no voting rights
- c) Advise the Board of Directors and other Committees in framing the policies and programmes of the Society and implement these after approval.
- d) Supervise the work of all staff and ensure that the business of the Society is conducted in a proper manner.
- e) Ensure that proper books of accounts, records and returns are kept and that regular financial statistical and operational information is prepared and submitted to the Board of Directors and other Board Committees as also to the Ministry in charge of Co-operative Development.
- f) Be responsible for the security of the funds and assets of the Society.
- g) Ensure that all statutory deductions are correctly calculated and that all amounts due and the necessary returns are submitted by the due date.
- h) Prepare and analyze on a quarterly basis the Society's Business Plan and Budget.
- i) Represent the Society in business transactions and any other transaction authorized by the Board of Directors.
- j) Provide information required by the Supervisory Committee in time.
- k) Propose to the Board of Directors of new positions arising at the Society, and the revision of the Salary schedule for all the Society's Staff.
- l) Implement recommendations set forth in the Audit Reports and those issued by the Supervisory Committee.
- m) Ensure on a monthly basis the Accounting records are in Balance and the individual Accounts subsidiaries are up to date and the Income Statement, Balance Sheets, and delinquency lists are complete and correct.
- n) Ensure that the Account records are maintained in accordance with internationally accepted Accounting standards.
- o) Ensure that adequate Insurance is in place if available for all employees, officials and property of the Society.
- p) Direct and supervise the administration and processing of loan applications.
- q) Establish a Pricing Strategy for Products and Services.
- r) Assist the Board of Directors with determining acceptable types of collateral that can be used to secure the Society's loans.
- s) Ensure there is adequate liquidity to meet loan demands, savings withdrawal, and operating expenses.
- t) Ensure drawing up and updating of job descriptions of each employee.
- u) To carry out staff training needs analysis based on annual performance appraisals and submit the same to the Education Committee for approval based on the Society's policies;
- v) Ensure implementation of the Society Policies and Procedures
- w) Ensure implementation without delay of all decisions of all Board Committees of the Society and the General Meeting.
- x) Ensure that the Board of Directors is frequently and adequately appraised about the operations of the Society through presentation of relevant Board papers as provided for in the Board of Directors Charter.

PART TEN- POLICIES AND PROCEDURES FOR THE SOCIETY

73. GUIDING PRINCIPLES

- a) The Society shall lay down, and from time to time review, policies for savings and credit to ensure that they are always in conformity with financial regulation and the interests of the members.
- b) The Society shall similarly lay-down, and from time to time review, procedures for saving and credit operations to ensure that they are up to date and effective.
- c) The overall Policies and Procedures for the Society shall be set out by the Board of Directors
- d) The Board of Directors shall establish appropriate policies and procedures including but not limited to Accounting and Finance Manual, Human Resource and Administration Policy, Savings Policy, Credit Policy, Investment Policy, Asset Liability Management Policy, Liquidity Policy, Information Preservation Policy, Capitalization policy, Reserves and Dividends policy, Risk Management and Internal Control Policy, Board Charter and Code of Conduct Policy, Training Policy, Disaster Preparedness and Business Continuity Plan, Marketing Plan, Procurement policy, ICT Policy, Branch expansion policy, and Product and Process Innovation Policy.

74. OVERALL POLICIES FOR CREDIT

- a) Credit shall be issued to members in accordance with the Credit Policy and regulations prescribed by the Board of Directors from time to time.
- b) When the amount of funds available for provision of credit is less than requirements, adequate restrictions related to purpose and loan amounts shall be set.
- c) The Society shall carefully determine the required security as well as other conditions for different categories of loans to ensure the viability and independence of the Society.
- d) The Credit policy shall provide for among other terms and conditions:
 - i. Loans to members.
 - ii. Security for loans such as guarantors or other acceptable securities.
 - iii. Repayment of loans.
 - iv. Late charge for overdue loans in line with the Regulations.
- e) Loans to Board of Directors and staff shall be approved in accordance with the Credit policy and reported to the Board of Directors. Staff loans and advances shall be in accordance with the Human Resource Policy.

75. BENEVOLENT FUND

- a) The Society may establish a Benevolent Fund whose aims and objectives shall be to assist members and their immediate family i.e. spouse and children as declared by the member to meet funeral expenses as provided in the Benevolent Fund policy.
- b) Membership of the fund shall be mandatory and is restricted to members of Balozzi Society subject to provisions in the Benevolent Fund policy.
- c) A member shall contribute and be able to benefit from the fund at an amount that shall be provided in the Benevolent Fund policy and procedures manual and decided by the Board of Directors from time to time;
- d) Any member who fraudulently receives benefits from the fund by presenting false documents shall have his/her membership revoked and any money paid to him/her

recovered and may be subject to any legal action besides expulsion from the Society membership;

- e) Where two or more members of the fund have a joint interest each member shall be treated in his/her own right in respect of the claim as set in the Policy Manual and in case of death of a contributor benefits shall be paid to an appointed nominee of the contributor and in all other cases direct to the contributor.

PART ELEVEN – ACCOUNTS AND RECORDS

76. BOOKS AND RECORDS

The Society shall keep up-to-date and in a proper business-like manner such Books and records as the Act and Rules may require from time to time. The following Books shall be kept by the Society: -

- a) Register of Members showing in respect of each Member:-
 - i. The name, age, date of application for membership, address and occupation, employment number, where applicable, gender, marital status, address, email address and telephone number.
 - ii. The date on which he ceased to be a member.
 - iii. Particulars of his nominee if any.
- b) Minute Record giving details of proceedings of the Board and Supervisory Committee.
- c) Minute Record giving details of proceedings at the General Meeting.
- d) A Cash Book giving details of all monies received and all monies spent or paid out by the Society.
- e) A Ledger containing such Accounts as are necessary to properly records the transactions of the business of the Society.
- f) A Personal Ledger for each member showing his transactions with the Society.
- g) An Asset (Property) Register
- h) A Stock Control Ledger.
- i) A Register of charges showing in respect of every charge created by the Society the amount of the charge and the person entitled thereto.
- j) A Register of loans to members showing in respect of each loan the name of the borrower, the amount borrowed, and the purpose of the loan, the due date of repaying, and the date the repayment is made.
- k) A Guarantor's Control Register showing the guarantor's name, member's account number, borrower's name, amount of loan guaranteed, date of disbursement, loan interest rate and collateral required, if any;
- l) Such other Books and records as the Board of Directors may decide or the Commissioner may prescribe.

77. PAYMENTS OF OFFICERS AND MEMBERS OF SOCIETY

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

78. AUDITS

- a) The Auditor shall submit audited accounts to the general meeting .

- b) The Society shall pay such audit fees as the General Meeting may prescribe as fair and reasonable from time to time and supervision fees in accordance with the Co-operative Act, Rules and Regulations.

79. FINANCIAL YEAR

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

PART TWELVE -SIGNATORIES FOR THE SOCIETY

80. AUTHORIZATION TO SIGN DOCUMENTS

- a) The Chairperson, Vice-Chairperson, Hon. Secretary, Treasurer, Chief Executive Officer or such other signatories as may be authorized by the Board of the Society shall be signatories. The Internal Regulations shall detail which signatories are necessary for particular operations.

81. COMMON SEAL

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

PART THIRTEEN -MISCELLANEOUS

82. INSPECTION OF DOCUMENTS

- a) All books of accounts and other records shall at all times be available to the Board of Directors and Supervisory Committee members of the Society and to the Commissioner or his authorized representative.
- b) A copy of the Act, the Society registration certificate or copy thereof, its By-laws, and a list of members excluding details of nominees and deposit, shall be available for inspection by any member.

83. DISSOLUTION

- a) The Society may be dissolved in accordance with the procedures set forth in the Act and the Rules made there under.
- b) In the event of liquidation, the assets of the Society shall be realized, all liabilities shall be paid, all savings shall be refunded to the members and any surplus or deficit thereafter shall be apportioned to each member in proportion to the value of each member’s shares at the date of liquidation.

84. DISPUTES

- a) Any disputes arising out of these By-laws or concerning the business of the Society shall be referred to the Co-operative Tribunal established under the Act.
- b) In case of debts due to the Society from a member or debts owing to a member or past member of the Society , a general meeting of the Society may at its discretion , issue such instruction to the board of directors for liquidation of the debts as may be necessary or refer the dispute to the Tribunal.

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

85. AMALGAMATION

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

86. AMENDMENT OF BY-LAWS

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

87. ACQUISITION OF BY-LAWS

The Society may make available upon request a certified copy of these By-laws from the registered office of the Society upon payment of a reasonable fee . The By-laws may also be made available at the Society website. For purposes of this provision, a copy of the By-laws shall be deemed duly certified provided it is endorsed in compliance with these By-laws.

88. ACCEPTANCE

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

Name: Stephen Kairu(Chairman)

Signature.....Date.....

Name: Phillip Owuor(Vice Chairman)

Signature.....Date.....

Name : Abdullatif Juma.....(Treasurer)

Signature.....Date.....

Name: John Gichuru.....(Hon. Secretary)

Signature.....Date.....

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

GIVEN UNDER MY HAND AT NAIROBI

THIS..... DAY OF..... 2014

COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT