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BY-LAWS

OF

TABASAMU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD

**TABASAMU DT SACCO SOCIETY LTD
P.O.BOX 123-80403 KWALE**

BYLAWS 2021



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SECTION 1 – INTERPRETATIONS, NAME AND ADDRESS

1. INTERPRETATIONS AND DEFINITIONS

- 1.1 In these by-laws, unless the context otherwise suggests words or phrases shall be interpreted in accordance with the Sacco Societies Act, 2008 and Regulations hereinafter referred to as the “Act” and “Regulations” respectively, the Co-operative Societies Act Cap 490 Laws of Kenya and the Rules made there under herein after referred to as the “Co-operative Societies Act” and “Rules” respectively.
- 1.2 In these by-laws where the masculine gender is referred to, it will be construed to include the feminine gender.
- 1.3 In these by-laws save as otherwise expressly stated:
- (i) Audit Committee- Committee of the Board established as per the Regulations.
 - (ii) “Authority” shall mean the Sacco Societies Regulatory Authority
 - (iii) “A nominee” means a person appointed by the member to inherit the shares, deposits, and other interests in the society upon the death of that member.
 - (iv) “Applicable Law” shall mean any other relevant law other than the Act and the Regulations, Co-operative Societies Act cap 490, Rules, and these by-laws.
 - (v) “Board of Directors” shall refer to the persons elected in a duly convened Delegate meeting to govern the Business of the Society as per these by-laws hereinafter referred to as the “board”.
 - (vi) “Commissioner” shall mean “the Commissioner for Co-operative Development as provided for in the Co-operative Societies Act.”
 - (vii) “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 Society.
 - (viii) “Institutional Capital” means and comprises statutory reserves, Registration fees, appropriation accounts, donated equity, a permanent capital base and any other reserves established by the Society’s Board of Directors for which no claim has been placed upon it by members or other parties.

- (ix) "Dividend" shall mean members share of the surplus of the Society which is divided amongst its members based on shareholding.
- (x) "Deposit" means a sum of money received or 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 payment and the person receiving it.
- (xi) "Dormant Account" means savings or current account maintained by a SACCO society which is not operational or has had no transactions by the depositor within the maximum period prescribed by the Authority.
- (xii) "Deposit Guarantee Fund" means the Sacco Deposit Guarantee Fund established by section 55 of the Act.
- (xiii) "Delegate Meeting" shall be a meeting (either "annual" or "special") for all delegates duly convened by the Society to conduct its business.
- (xiv) "Member" includes a person or a co-operative society joining in the application for the registration of a SACCO Society, and a person or co-operative society admitted to membership after registration in accordance with the by-laws.
- (xv) "SACCO Society" means a savings and credit co-operative society registered under the Co-operative Societies Act and licensed under the Act.
- (xvi) "Share Capital" shall mean members' equity in the form of issued and fully paid-up shares of common stock.
- (xvii) "Share" means the amount represented by a member's portion in the equity of a society as co-owner.
- (xviii) "Tribunal" shall mean the Co-operative Tribunal established under the Co-operative Societies Act to hear and determine disputes.
- (xix) "Officer" in relation to a SACCO society, means a director or any other person, by whatever name or title he may be called or described, who carries out or is empowered to carry out functions related to the overall direction in Kenya of that deposit-taking SACCO society or takes part in the general management thereof in Kenya.

- (xx) "Place of Business" means a SACCO Society's head branch, branch, or outlet, including a mobile unit, marketing office, automated teller machine or agency of a SACCO Society and which is open to the public.
- (xxi) "ADM" means an Annual Delegates Meeting: which in accordance with the Act, Rules and these by laws refers to an annual general meeting attended by the society's delegates whose main agenda is to receive and consider the preceding years audited final accounts.
- (xxii) "SDM" means a Special Delegates Meeting: which in accordance with the Act, Rules and these by laws refers to a Special general meeting attended by the society's delegates to address a specific agenda not covered during the ADM.
- (xxiii) "A delegate" shall mean a representative of members elected within a designated cluster/electoral area in accordance with these by-laws.
- (xxiv) "Returning officer" is a person appointed to oversee or conduct the elections of a co-operative society at a delegates meeting.
- (xxv) "Cluster" means several learning institutions or a group of Members.
- (xxvi) "Electoral zone" means a designated place in the society's area of operation within which members elect delegates, Board Members and Supervisory committee Members.
- (xxvii) "Corporate member" means a registered association, corporation, and community self-help group admitted to membership upon meeting the membership eligibility requirements for such category of membership.
- (xxviii) "Members of the immediate family". Includes, but is not limited to, the spouse, parents, and children of each person eligible to be a member of the society whether residing in the same household. The same term also includes any other relative of a person or of the spouse of the eligible person if the relative resides in the same household as the person.
- (xxix) "Spouse" shall mean either husband or wife/wives of an active member.
- (xxx) "Member in good standing" means a member who is current on the repayment of his/her loan payments due the society and who is current on making his/her required contributions and has not in any way acted in a manner which is potentially damaging to the society and has fully complied with the policies and rules set by the society.

(xxxix) “Common Bond” means only unifying factors that bring the members together as employment, occupation, or profession.

(xxxix) NACOs- National Cooperative Organizations

- 1.4 Any questions concerning interpretation of these by-laws, or any matters not provided for therein, errors and omissions shall be referred to the Authority or Commissioner as is applicable.

2. NAME AND AREA OF OPERATION

- 2.1 The society shall be called **TABASAMU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED**, herein after referred to in these by laws as “The Society” and its area of operation shall be The Republic of Kenya.

3. REGISTERED OFFICE/ POSTAL ADDRESS

- 3.1 The registered office of the Society shall be at Kwale Town, and the postal address shall be: - **P. O. Box 123- 80403 Kwale Tel 0702 599 292 and 0792 773 444.**
- 3.2 Notice of any change of postal address shall be given to the Commissioner for Co-operatives, herein after referred to as ‘The Commissioner’, the Sacco Societies Regulatory Authority (SASRA), herein after referred to as “the Authority” and to all members of the Society through their last known address as per records held at the Society within 30 days of such change.

4. OPENING AND RELOCATION OF BRANCHES

- 4.1 The Society shall seek a written approval from the Authority to open a new branch, relocate or close a place of business.

SECTION 2 – GOALS AND PRINCIPLES

5. OBJECTS

- 5.1 The objects for which the Society is established are to organize and promote the economic interests of its members in accordance with the cooperative principles.
- 5.2 For the attainment of the above objects, the Society may do acts and things that are permissible under the Act and Regulations, Co-operative Societies Act and Rules and these By-laws and all such other things as are incidental or consequential to the economic enhancement of its members interests provided such act is approved by the delegates in a delegate meeting.

6. CO-OPERATIVE PRINCIPLES AND VALUES

To achieve its objects, the Society shall act in accordance with the following Co-operative principles and relevant values.

6.1 PRINCIPLES

(i) ***Voluntary and open membership***

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

(ii) ***Democratic member control***

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

(iii) ***Economic participation by members***

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

(iv) ***Autonomy and independence***

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

(v) ***Education, training, and information***

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

(vi) ***Co-operation among co-operatives***

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

(vii) ***Concern for community in General***

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

6.2 VALUES

The values shall include self-help, mutual responsibility, democracy, equity, and equality. It shall practice honesty, openness and social responsibility and caring for others in all its activities.

SECTION 3 – CAPITAL AND SHARES

7. CAPITAL

7.1 The capital of the society shall consist of; -

- i. Fully paid-up members' shares as per bylaw 8 below, to be applied as provided for under The Act, article 59 (1).
- ii. Institutional capital requirements as may be prescribed by the Authority.

- iii. Provisioning for loan losses (bad debts) (The Act, article 40 (1) (2) (a), article 33, (3) (b))
- iv. A reserve fund maintained as required by the SACCO Act and such other reserves as may be required by the Authority.

8. SHARES

- 8.1 All members shall hold at least **1,000** shares of **Kshs 20 (Kshs 20,000)** each or as shall be fixed by the delegates meeting from time to time.
- 8.2 All members within small, organized groups shall hold at least 150 shares of Kshs. 20 (3,000) each or as shall be fixed by the Board of Directors from time to time.
- 8.3 The society shall maintain capital adequacy as required by the Authority.
- 8.4 All shares are transferable and not withdrawable as stated in SASRA Act.

9. LIMITATION ON HOLDING SHARE CAPITAL

- 9.1 No member shall hold more than one-fifth (1/5) of the issued and paid-up share capital of the Society.

10. TRANSFER OF SHARES

- 10.1 With the approval of the board, a member may at any time transfer shares to another member but not to any other person. Such transfers must be in writing and at nominal value.
- 10.2 All transfers of shares shall be registered with the Society and no transfer shall be valid unless so registered. A fee of **Kshs.1000** shall be payable by the transferee for each such transfer.

11. LIABILITY IN CASE OF LIQUIDATION

- 11.1 The liability to a member shall be limited to the nominal value of the shares held by him/her.
- 11.2 In the event of liquidation, where available funds are insufficient to pay the full nominal value of the shares held by members; the funds shall be distributed pro-rata among the shareholders according to the number of shares held by each.
- 11.3 In addition to (11.2) above members shall be compensated by the Deposit Guarantee Fund as provided in the Regulations.

SECTION 4 - COMMON BOND AND MEMBERSHIP

12. MEMBERSHIP

- 12.1 Membership shall consist of: -

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

13. QUALIFICATION FOR MEMBERSHIP

13.1 A person who possesses the following qualifications shall be eligible for membership: -

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

All employees of: -Teachers Service Commission, Public Service Commission, Parastatals/Government agencies and, County Governments, Teacher Based organizations and related institutions, Private schools, and other organizations/institutions legally registered in Kenya.

- b) Has attained the age of 18 years.
- c) Is of good character and sound mind.
- d) Pays the Registration fee and share capital as prescribed in these by-laws.
- e) Is a nominee and approved into membership by the board.
- f) Is a child of a member in whose name a junior account has been opened and Actively operated, who upon attaining the age of eighteen exercises the option of becoming a member
- g) Is a group, organization, a corporate body or an institution admitted as a corporate member after fulfilling all the registration requirements under the applicable laws of Kenya
- h) Is an employee of the society.
- i) Retirees from (a) above who choose to retain their membership.

13.2 Provided that no member shall belong to more than one SACCO Society serving similar purpose.

14. APPLICATION FOR MEMBERSHIP

14.1 Every applicant for membership shall complete an “application for membership” form. This form shall be drawn to show all the information required for the purpose of registration of a member. The form when filled shall be filed in serial order and shall constitute the register of members as required under the rules.

15. ADMISSION INTO MEMBERSHIP

15.1 An applicant shall be admitted to membership on application upon payment of Registration fees of **Kshs 1,000** and the minimum share capital as per by-law 8

above. On being admitted the member shall furnish the society with two passport size photos and a certified copy of the National Identity Card or passport.

- 15.2 Upon admission the member's name shall be entered in the membership register and a membership number issued. The member shall also furnish the society with the 2 passport size photos and a copy of national identity card.

16. REFUSAL OF ADMISSION

- 16.1 The board may refuse admission to a person after assigning reasons for their decision in writing. Such a person, if otherwise eligible for membership, shall have the right to appeal to the next Delegate meeting. Any such appeal must be supported by at least 10 delegates present and voting upon payment of a fee as may be prescribed by the board. The decision of the delegate meeting on the matter shall be final.

17. RIGHTS OF MEMBERS

- 17.1 Member of the Society shall have the right to: -
- i. Elect or be elected to the organ of the Society unless otherwise prohibited by any other law or these By-laws.
 - ii. Enjoy the use of all facilities and services of the society subject to these by-laws.
 - iii. Attend and participate in decision making at all general meetings of the Society and vote.
 - iv. Use Society's services according to the policies and procedures approved by the Board.
 - v. Submit projects or initiatives to the Board for consideration that focus on improvement of the financial services.
 - vi. Access all legitimate information relating to the society including internal regulations, registers, minutes of Members Meetings, annual accounts, inventories, and investigation reports at the registered office of the society subject to the Policy and Regulations for the time being in force.
 - vii. Receive, periodically and at least once a year, a statement of Accounts containing the individualized record of his/her credit and debit transactions. Any other request will be at a fee prescribed by the board.
 - viii. Other rights as prescribed by the Act and Rules.

- ix. To withdraw their savings and deposits (less any liability or obligation on their account and no outstanding collaterals or guarantees on other member's loans), from membership at any time. Shares are considered part of the Sacco's "core capital" and cannot be withdrawn unless the Sacco is liquidated.

18. OBLIGATIONS OF MEMBERS

18.1 A member of the Society shall have the obligation to: -

- (i) Observe and comply with all the Society's by-laws and decisions taken by the relevant organs of the Society.
- (ii) Buy and pay up for shares or make any other regular payments provided for in these by-laws.
- (iii) Meet the debts of the Society in case of insolvency in accordance with the provisions of the Co-operative Societies Act and these by-laws.
- (iv) To repay all outstanding loans according to the terms and conditions stated in the loan agreement and policy.
- (v) To promptly make all required contributions.
- (vi) To support issues put forth that improves the sustainability of the Society and promotes the good will of all members.
- (vii) To attend and actively participate in meetings of the Society.
- (viii) Safeguard the name of the society.
- (ix) Inform nonmembers and encourage them to join the society.
- (x) Identify challenges affecting the society and suggest solutions.

19. MEMBER'S PERSONAL STATEMENT

19.1 Every member shall receive regular statements at least once quarterly, which shall contain particulars of membership, shares, deposits, and loan transactions with the Society through the members' registered email.

20. WITHDRAWAL FROM SACCO SOCIETY

20.1 A member with no liability or outstanding obligation in respect of other loans may withdraw from membership at any time, provided that where a member has an outstanding obligation in respect of guarantee shall continue to be responsible unless alternative arrangements acceptable to the society are made.

- 20.2 A member may at anytime withdraw from the Society by giving at least sixty (60) days written notice of intention to withdraw to the board, within which he/she will continue servicing his liability as a borrower, endorser, guarantor etc. until he has been satisfactorily discharged.
- 20.3 Partial withdrawal of non-withdrawable deposits from the Society shall not be allowed under any circumstances.
- 20.4 A member who willfully withdraws or is expelled from the society shall be repaid the following amount after deductions of any debts owed to the society.
- a) The member's deposits.
 - b) Any dividends or interest due to him on the date of cessation
- 20.5 A member who willfully withdraws from the society may be readmitted after a period of one year, or such period as may be determined from time to time by the board.
- 20.6 Any member who resigns and wishes to rejoin shall pay readmission fee of Kshs. 1000

21. NOMINEE/NEXT OF KIN

- 21.1 Every member shall nominate in writing one or more persons as nominee(s) to whom upon his death, shares, deposits, and other interests in the society shall be transferred.
- 21.2 Appointment of nominees shall be made in writing and signed by the member in the presence of two competent witnesses.
- 21.3 Where more than one nominee is appointed, the member shall specify the amount of shares to be transferred to each nominee, however, where no amount is specified each of the nominees shall receive an equal share.
- 21.4 The names of such nominee(s) shall be entered in the nominee register.
- 21.5 Provided that a member shall have the right to change his/her nominee(s) in writing and in the presence of two competent witnesses.

22. ADMISSION OF NOMINEE

- 22.1 A nominee may be admitted to membership of the Society if qualified. The shares, deposits, interest, and dividends due to the deceased member shall be transferred to the account of that nominee.

23. WELFARE FUND

- 23.1 This social fund is compulsory to all members as administered by the policy formulated by the board from time to time.

SECTION 5 – TERMINATION OF MEMBERSHIP

24. TERMINATION

- 24.1 Membership in the Society shall cease with effect from the date of:
- (i) Death
 - (ii) Withdrawal
 - (iii) Expulsion
 - (iv) Being certified insane.
 - (v) Transferring all shares to another member.
 - (vi) Ceasing to hold qualification for membership as specified in these by-laws.

25. SUSPENSION AND EXPULSION

- 25.1 The board may suspend a member, subject to the decision of the delegate meeting to expel, who
- (i) fails to fulfill his/her obligations to the Society whether stated in these by-laws, general internal regulations, a resolution of the delegate meeting or in contravention of any other legal document, provided such a member has been called upon to do so but has failed,
 - (ii) Is convicted in a court of law for a criminal offence involving dishonesty or fraud or is, imprisoned for a period of three months or more,
 - (iii) Is a member of another SACCO Society serving similar purpose.
 - (iv) Acts in any manner prejudicial to the interests of the Society.
 - (v) Willfully fails or refuses to comply with the society's by-laws.
 - (vi) For any other reason approved by a delegate meeting and/or as may be contained in the code of ethics of the society.

- 25.2 Provided that, no member shall remain in suspension for a period of more than 12 months.

26. PROCEDURE OF SUSPENSION AND EXPULSION

- 26.1 Upon formal and written proof that a member has committed a violation punishable by expulsion, the board shall serve fifteen (15) days written notice to the member stating the reason(s) for the proposed expulsion and requiring him/her to file a defense.
- 26.2 Upon the expiry of the 15 days and taking into consideration the member's defense if any, the board shall initiate administrative inquiry and decide on its findings within 15 days. The Board may; -

- a) Suspend the member pending expulsion by the delegate meeting or
- b) Impose any other punishment as may be provided in this by-law or as may be directed by the delegate meeting from time to time.

26.3 A member who is suspended or expelled shall retain the right of appeal to the next delegate Meeting, which may reinstate him. However, the board may, on request from a member who is suspended, lift such suspension if it is convinced the member has reformed, if this will be reported to the next Annual Delegates Meeting.

27. PAYMENT ON CESSATION OF MEMBERSHIP

- 27.1 On cessation of membership, a person shall be paid the following less any outstanding obligations; -
- (i) The deposits (both withdrawable and non-withdrawable).
 - (ii) Any dividends and interests due prior to the cessation date.
 - (iii) Any other funds other than shares held by the Society on his/her behalf.
 - (iv) The member will be allowed to transfer his/her shares to an existing member.

28. PAYMENT TO NOMINEE

28.1 The Society after obtaining such documentary proof of the death of a member as it may consider necessary, shall pay to the nominee the value of the deceased member's deposits, interest, and dividend after deducting monies owed to the Society, if any, within 60 days of receipt of official notice of death.

SECTION 6 – DELEGATE MEETINGS

29. ANNUAL AND SPECIAL DELEGATE MEETINGS

- 29.1 The supreme authority of the Society shall be vested in the Delegate Meeting of Members.
- 29.2 The Delegate Meeting will be composed of the members of TABASAMU Sacco.
- 29.3 Each delegate shall not appoint proxies but appear individually.
- 29.4 An Annual Delegate Meeting shall be convened within four months after the end of the Society's financial year.

- 29.5 A Special Delegate Meeting of the Society may be held when convened by the: -
- (i) Board.
 - (ii) Commissioner.
 - (iii) Authority
 - (iv) Board within 15 days of receipt of a written request by at least 20 delegates or one third (1/3) of the delegates, whichever is less.
- 29.6 Provided the request is deposited by registered mail at the Society's address or delivered to the Chief Executive Officer at the Society's offices within normal working hours.
- 29.7 If the Board fails to convene a meeting within fifteen days of receiving notice under the Co-operative Societies Act, the members in 29.4(iv) above shall give notice to the other members of the Society, stating the object and reasons for the meeting and the fact that the board has failed to convene the meeting.
- 29.8 Any business not completed at the Annual Delegate Meeting, may be taken up at a subsequent Special Delegate Meeting of the Society.
- 29.9 The meetings shall be conducted physically, virtually, or hybrid as may be dictated by the prevailing circumstances.

30. NOTICE OF MEETINGS

- 30.1 The Delegate Meeting shall be convened by giving at least 15 clear day's written notice to the members.
- 30.2 The Honorary Secretary/Chief Executive officer shall take all usual steps to publish the notice of the meeting in public places, on the Society's notice board(s) and/ or in local newspapers or newsheets, including the media i.e., SMS, WhatsApp, Instagram, twitter, Facebook, among others.
- 30.3 All notices shall include a statement of the business to be dealt with.

31. QUORUM

- 31.1 Except when convened by the Commissioner, the presence of **at least Thirty-five (35) delegates or 50%** of total number of delegates, whichever is less, shall constitute a quorum for the conduct of business at the Delegate meeting. When a quorum is not attained the chairman shall adjourn the meeting and fix a date for another meeting within one month, which shall be advertised as prescribed in these by-laws. If a quorum is again not attained, the chairman shall declare the meeting open with those present one hour after the advertised time of the meeting.

32. REQUIRED MAJORITY

- 32.1 A motion to remove a member of the board whose term of office has not expired because of a vote of no confidence must be supported by at least three quarters of the total number of delegates in the society.
- 32.2 Amendments of these by laws shall be made by a resolution of majority of delegates present or voting at a delegates meeting.
- 32.3 Any other motion shall be approved by simple majority of votes.

33. DUTIES OF DELEGATE MEETINGS

- 33.1 Before they may attend or vote at a Delegate meeting each delegate shall be required to identify themselves in a manner acceptable to the society.
- 33.2 The Delegate Meeting shall have the powers and duties prescribed in the Act, Regulations, the Co-operative Societies Act, Rules, and these by-laws. It shall:
 - a) Consider and confirm the minutes of the previous Delegate meeting.
 - b) Consider reports of Board, the Commissioner or his/her representative and the audited accounts on the Society's activities during the past financial year.
 - c) Consider statement of accounts, auditor's reports and resolve on the way any available surplus shall be distributed or invested, subject to the Act, Regulations, Co-operative Societies Act and Rules.
 - d) Elect or remove members of the board and the Supervisory Committee, subject to the Act, Regulations, and these by-laws.
 - e) Fix the indemnity for the elected board and management staff.
 - f) Consider recommendations on expulsion of members and refusal of membership by the Board.
 - g) Fix the maximum liability which the Society 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 Delegate meeting.
 - i) Fix the honoraria if any, for the Directors of the Society.
 - j) Decide on the management structure, including the establishment of branches to facilitate efficient and cost-effective delivery of services to members.
 - k) Appoint bankers, auditors, and advocates of the Society for the ensuing year.

- l) Approve affiliation to National Co-operative Organizations for SACCO societies and the Apex society.
 - m) Transact any other business of the Society for which notice has been given to members in the manner prescribed in these by-laws.
- 33.3 The new Board may not take office until all items in by-law 33.2 have been dealt with.
- 33.4 A decision or resolution shall be approved by a simple majority of delegates present and voting shall be binding on all delegates present, absent and objecting.
- 33.5 Listed agenda items communicated in the notice for the meetings shall be discussed before A.O.B issues are raised during the Delegate meetings.

34. RECORD OF BUSINESS

- 34.1 All business discussed or decided at the Delegate Meeting shall be recorded without erasures and corrections in a Minute Book, which within one week of the meeting, shall be signed by the Chairman of the meeting and at least one other Board 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.
- 34.2 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 the chairman to sign and date the final record.

35. CHAIRMAN AT MEETINGS

- 35.1 The chairman or in his absence, the vice chairman shall preside at every Delegate meeting. In their absence, any board member elected by a majority of those present shall preside.

36. ENFORCEMENT OF DECISIONS

- 36.1 Any decisions taken by the Delegate meeting shall be binding on all members present, absent and objecting.

37. MINUTES

- 37.1 All business discussed at the Delegate Meeting shall be recorded 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 board member who was present at the meeting to verify that in their opinion, the minutes are true and complete record of all important matters which were discussed or decided at the meeting.
- 37.2 At the next Delegate meeting, the minutes shall be considered and confirmed subject to any amendments or variations approved by the delegates.

SECTION 7 – GOVERNANCE STRUCTURE

38. DELEGATE

- 38.1 The society's governance structure shall comprise of the Delegates meeting that has the overall control of the society, the board of directors, the Supervisory Committee, management Staff, and other staff.
- 38.2 Members of an electoral zone within a cluster shall elect their delegates who shall constitute the delegates meeting at cluster level.
- 38.3 Delegates within a cluster shall elect a board member from amongst themselves.

39. ELECTORAL ZONE

- 39.1 The Society shall have as many Electoral Zones as may be established by the Board of Directors from time to time. This shall be provided for in electoral zone policy entailing the formation, operation, and dissolution of zones.
- 39.2 Diaspora/Delocalized members will form an Electoral Zone subject to meeting the minimum threshold or as may be determined by the board.
- 39.3 Every member shall belong to one electoral zone.

40. ESTABLISHMENT OF CLUSTERS

- 40.1 The Board may from time to time establish Clusters and review them subject to delegates' approval.
- 40.2 The Clusters established shall include.
- i. Tsimba/Tiwi
 - ii. Ng'ombeni/Waa
 - iii. Shimbahills/Mkongani
 - iv. Kiconeni
 - v. Lungalunga/Mwereni
 - vi. Msambweni/Diani
 - vii. Kinango/Ndavaya
 - viii. Samburu
 - ix. Mazeras

41. DELEGATES ELECTION

- 41.1 Delegates shall be elected from among members of the Society once every three (3) years at an Electoral Zone general Meeting.
- 41.2 Every delegate shall represent an area covered by several learning institutions where applicable or a group of members provided the total members shall not exceed a number determined by the board of directors. The quorum shall be $\frac{1}{4}$ of Members in the respective Electoral Zone.
- 41.3 Delegates shall serve for a term of 3 years unless transferred outside the electoral zone and is unable to perform. On expiry of the term the delegate is eligible for re- election.
- 41.4 When a delegate is transferred outside his or her cluster or zone and can serve the cluster or zone well, he/she continues being a delegate until election is conducted during an Electoral zone general meeting. However, where a delegate is transferred from one learning institution to another within the same electoral zone shall continue to serve until the term is over, provided that sitting board and supervisory members shall not be subjected to election until their terms of office lapse.
- 41.5 The Society shall have a maximum of 80 delegates or as may be decided by the board and approved by the delegates from time to time.
- 41.6 No delegate shall be entitled to vote by proxy. All delegates will have one vote irrespective of their shareholding.
- 41.7 A delegate may be voted in absentia provided he/she had indicated interest in the elections.
- 41.8 A vetting committee composed of the CEO, the commissioner's representative and two representatives from NACOs shall be constituted by the society to ensure that all applicants for vacant positions in the board meet the requirements as per by-law.

42. QUALIFICATION FOR A DELEGATE

- 42.1 Eligible or qualified members to be elected as a delegate he or she: -
- a. Should be a member of the society.
 - b. Should be over 21 years of age.

- c. Should not have been declared bankrupt.
- d. Should be of sound mind.
- e. Should not be an employee of the society or its subsidiary.
- f. Should be receiving salary through FOSA for the last 12 months.
- g. Should not have an external loan.
- h. Should be a member of good standing.
- i. Should have attained ordinary level of education.
- j. Should have been an active member for at least for 48 months.
- k. Should not be a defaulter or dormant for the three months or more.
- l. Should not have been adversely mentioned in any inquiry report.
- m. Should have attained minimum share capital of Kshs. 30,000/= at the time of vetting
- n. Should have attained deposits of Kshs. 200,000/= at the time of vetting
- o. Must meet the requirements of chapter six.
- p. Should not be holding leadership position in any other teacher-based organizations, Union, or political organizations.

42.2 Where all members in the electoral zone are new, the board may grant a waiver on item (n) above.

42.3 Delegates will be people of high integrity, honest, innovative and beyond reproach.

42.4 All delegates shall be required to have thorough knowledge of co-operative society Act, rules, and by-laws. It will be mandatory for delegates to conduct their roles diligently and in a civilized manner.

43 DUTIES AND RESPONSIBILITIES OF DELEGATES

43.1 It shall be the responsibility of every delegate to:

- a) Attend general meetings when convened to exercise their democratic rights and those of the members they represent.
- b) Attend education forums organized by the society for members and delegates.
- c) Notify the Society on issues related to deceased members.
- d) Educate members about the society matters in general.
- e) Advise members on proper loan utilization and importance of loan repayment.
- f) Recommend and forward membership and withdrawal cases to the society for processing.

- g) Act as a liaison person between the society and the members
- h) Elect committed and visionary leaders as officials of the society.
- i) Market the society activities and enhance its corporate image.
- j) Perform such other duties and responsibilities as may be directed by the BOD from time to time.

44. CEASATION OF THE TERM OF A DELEGATE

44.1 The term of a delegate shall cease before expiry of the 3 years upon a delegate:

- a) Death
 - b) Certifiable insane/mental or incapacitation
 - c) Certifiable sickness/ physical incapacitation
 - d) Ceasing from being a member
 - e) If convicted of an offence involving dishonesty and imprisoned for a term exceeding 3 months
 - f) Defaulting
 - g) Adversely mentioned in an inquiry report
 - h) A written complaint signed by at least 2/3 members from his electoral area outlining service dissatisfaction.
 - i) A delegate being elected as a leader of any other Teacher Based Organization or union or a political organization.
 - j) A delegate being transferred outside his/her electoral zone as provided for in these by laws and society's electoral zone policy.
- 44.1 Upon occurrence of any of (a-j) above, a by election in the respective cluster in which a vacancy has occurred shall be carried out within 90 days or during the next zonal elections whichever comes first.

SECTION 8 – BOARD OF DIRECTORS

45. THE BOARD

45.1 The board shall be the governing body of the Society elected from the delegates and shall consist of at least five members and not more than nine members of the board.

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

45.3 Members of the board shall hold office for a period of three years provided that one-third of the board members shall retire every year but will be eligible for re-election.

45.4 Where the membership of the board falls below five the board shall co-opt qualified member(s) into the board until the next delegates meeting.

46. ELIGIBILITY FOR MEMBERSHIP TO THE BOARD

46.1 No person shall be eligible as a member of Board if he/she; -

- a) Is not a member of the society
- b) Is under eighteen years of age.
- c) Is unable to read and write.
- d) Receives any remuneration, salary or other payment from the society save in accordance with the Act.
- e) Is a committee member in two other cooperative societies
- f) Lends money on his own account.
- g) Has not within thirty days of being appointed, declared his wealth to the commissioner in the prescribed manner.
- h) Is undischarged bankrupt.
- i) Is of unsound mind.
- j) Has been adversely named by the Commissioner or his/her representative in an inquiry report endorsed by an Annual or Special 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 years, or named in any other national inquiries where he/ she has been shown to be engaging in dishonest activities,
- k) Has been adversely named by the Authority in an inspection report for mismanagement or corrupt practices while still a member of the board of a SACCO Society.

- l) Has been charged of any offence involving dishonesty, a crime involving fraud, perjury or breach of contract of a licensed financial institution.
- m) Has been convicted of any offence under the Act or rules made there under.
- n) Is delinquent on loans with the SACCO for more than 90 days within 2 years prior to elections.
- o) Is an official of or holds a political office at any level.
- p) Does not conform to minimum qualification standards in accordance with the applicable law.
- q) Has been removed from public office on disciplinary action.
- r) Has not duly executed the Fit and Proper Test form as provided in the Regulations.
- s) Holds any money belonging to the society other than a loan at the end of the financial year.
- t) Is a person against whom any amount of money is under decree, decision or order or is pending recovery under the act.
- u) Does not have deposits of Kshs. 400,000 and above
- v) Does not have share capital of Kshs 50,000 and above
- w) Has not met the requirements of Chapter six of the constitution.
- x) Has not been elected as a delegate.

46.2 Vetting committee composed of the CEO, the commissioner's representative and two representatives from NACOs shall be constituted by the society to ensure that all applicants for vacant positions in the board meet the requirements as per by-law.

47. ELECTIONS

47.1 Election of a Director to the Board shall be conducted once every three years.

47.2 A Director shall automatically lose his representation to the next Board if transferred to a different cluster.

47.3 Supervisory Director shall automatically lose his representation to the next Board if transferred to a different area of representation.

- 47.4 Elections of Directors shall be by simple majority vote of delegate present and voting.
- 47.5 The board shall notify the delegate of the vacancies arising in both the board and the Supervisory Board.
- 47.6 During elections, the Returning officer shall present duly nominated candidates for the vacant positions. Each candidate must have a proposer and a seconder.
- 47.7 At the elections, delegate shall decide, by majority vote, the method of voting. The method may be secret ballot or queuing or by show of hands.
- 47.8 No delegate shall be entitled to vote by proxy.
- 47.9 Irrespective of the number of shares held by him, no delegate shall have more than one vote.
- 47.10 Within fourteen (14) days of the elections, the Chief Executive Officer shall forward to the Commissioner and the Authority the names and addresses of all persons elected.
- 47.11 A new board or committee member elected at the Delegate Meeting shall not assume office unless they have been cleared by the Authority and satisfied the requirements of the Co-operative Societies Act, Rules, and these by-laws as to the indemnity and ethics.

48. BOARD MEETINGS

- 48.1 The board shall meet not more than twelve (12) 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. At least 5 members shall form a quorum for disposal of business.
- 48.2 If a member of the board 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.

49. RECORD OF BUSINESS OF THE BOARD

- 49.1 All business discussed or decided at the Board Meeting shall be recorded without erasures and corrections in a Minute Book, which within one week of the meeting, shall be signed by the Chairman of the meeting and at least one other 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.

49.2 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.

50. DUTIES AND POWERS OF THE BOARD

50.1 The board of the Society shall subject to any directions from the Delegate meeting generally direct the affairs of the Society. Its procedures, powers and duties shall be as prescribed by the Act, Regulations, Co-operative Societies Act and Rules and these by-laws. It shall:

- a) Observe in all its transactions the Sacco Societies Act and the Regulations, Co-operative Societies Act and the Rules, these by-laws and prudent business practices.
- b) Establish and approve appropriate policies including human resource management, savings, liquidity, investment, dividend, risk management, membership administration, cash handling and information management and preservation.
- c) Ensure that the management maintains proper and accurate records that reflect the true and fair position of the Society's financial condition.
- d) Prepare and develop business plans and annual budgets for presentation at the Delegate meeting.
- e) Formulate the Electoral Policy to guide in the nomination and election process.
- f) Appoint such number of board committees as maybe necessary to effectively discharge its functions.
- g) 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 Society's management.

- h) Cause the audited accounts to be displayed in a conspicuous place at its registered office and branches at least two weeks before presentation of accounts to its members at the Delegate meeting.
- i) Lay before the Delegate meeting audited accounts, together with proposals for the disposal of net surplus, if any.
- j) Recommend to the Delegate meeting the dividend rate to be paid on shares, if any, and interest to be paid on non-withdrawable deposits.
- k) Fill through co-optation, vacancies occurring in the delegate and board during Delegate's meetings.
- l) Authorize the conveyance of properties.
- m) Authorize borrowing of the Society in accordance with the law.
- n) Approve and review lending policies of the Society to ensure compliance with the Law.
- o) Approve or ratify all loans to directors and employees of the Society.
- p) Approve interest rates on loans to members as recommended by finance committee,
- q) Designate a depository or depositories for the funds of the Society.
- r) Prepare and approve a code of conduct in the form set out in the third schedule of the Regulations.
- s) Employ and fix the remuneration of the employees including the appointment of chief executive officer in accordance with the approved human resource policy.
- t) Report within 15 days the appointment, resignation, or removal of the chief executive to the Authority.
- u) Impose fines as provided for under these by-laws.
- v) Ensure that the Society pays its statutory levies to the Authority as and when they fall due.
- w) Ensure adequate provisions for known and probable losses and recommend to the Delegate meeting the write-off of bad debts.

- x) Perform or authorize any actions consistent with the Act, the Regulations, and these by-laws, unless specifically reserved for the Delegate meeting.
- y) To provide adequate budget for education and training of members, and the capacity development of the board and staff.
- z) Receive and consider reports from the established Board committees.

51. LEGAL STANDARD OF CARE

51.1 In the conduct of the affairs of the Society, the members of the board shall exercise the prudence and diligence of ordinary men of business and shall be held jointly and severally liable for any losses sustained through any of their acts, or failure to act, which are contrary to the Act, the Regulations, any other applicable law these By-laws or the directions of the Delegate meeting.

52. DELEGATION TO EMPLOYEES

52.1 The board may member the chief executive officer of the Society such duties as it deems fit.

52.2 Nothing in (52.1) above shall absolve the board from its responsibility of running the affairs of the Society in a proper and businesslike manner.

53. INDEMNITY

53.1 All Board Members shall each provide an indemnity of an amount approved by the Delegate meeting. A duly completed Form V in the schedule to the Rules shall be lodged with the Commissioner within 14 days upon election to the board.

54. DECLARATION OF WEALTH

54.1 Every board member shall within 30 days of being elected declare wealth to the Commissioner in the prescribed manner.

55. SUSPENSION OF A BOARD MEMBER

55.1 The Authority may suspend from duty any Board Member charged in a court of law with an offence involving fraud or dishonesty pending the determination of the matter.

55.2 The majority of the Board Members may suspend a Board Member and accordingly inform the Authority subject to ratification by the Delegate meeting for;

- (i) Failure to disclose vested interests.
- (ii) Any other good cause.

56. REMOVAL OF A BOARD MEMBER FROM OFFICE

56.1A member of the board shall cease to hold office if he/she:

- (i) Ceases to hold qualifications of a Board of Director as specified in the Act, Regulations, and these by-laws.
- (ii) Is removed by the Authority under the provisions of the Act and Regulations.
- (iii) Is removed by the Commissioner under the provisions of Co-operative Societies Act and the Rules.

57. BOARD CHAIRMAN AND VICE CHAIRMAN

57.1 The board chairman shall:

- (i) Preside at Delegate meetings, Board meetings and Joint meetings with the Supervisory Committee.
- (ii) Sign on behalf of the society all documents' contracts and cheques of the Society
- (iii) Perform such other duties as may be directed by the board, not inconsistent with provisions of the Act, the Regulations applicable laws and these by-laws.

57.2 The vice chairman shall perform the duties of the Chairman during his/her absence and such other duties as the board may direct.

58. TREASURER

58.1 The duties of the Treasurer shall include: -

- a) Generally, to manage or cause to be managed the financial affairs of the Society in a competent manner.
- b) To ensure, maintain or cause to maintain full and complete records of all monies received and disbursed by the society and of all assets and liabilities of the Society.
- c) To ensure the safe keeping of the society's money and security of all accountable documents and books of account.

- d) To ensure that all payments and expenditures are fully authorized and enforce all Rules regarding good financial Management and practices as ordered by the Board.
- e) To ensure compliance with all directives of the Board and the commissioner/Authority
- f) Present to the Board each month an up-to-date listing of overdue borrowers.
- g) Prepare or cause to be prepared and forward to the Authority such financial reports as required by the Act and Rules.
- h) To sign on behalf of the society all documents' contracts and cheques of the Society

59. HONORARY SECRETARY

59.1 The duties of the Honorary Secretary are to:

- (i) Cause minutes of the Delegate meetings, board meetings, and joint meetings with the Supervisory Committee to be recorded.
- (ii) Ensure that notices of the meetings are prepared and sent out.
- (iii) Ensure that the Society's correspondence is promptly and correctly attended to.
- (iv) Sign on behalf of the society all documents' contracts and cheques of the Society
- (v) Perform such other duties as may be directed by the board.

SECTION 9 – COMMITTEES OF THE BOARD AND THEIR FUNCTIONS

60. BOARD COMMITTEES

- (i) Board committees shall consist of persons drawn from the board.
- (ii) The board may delegate to board-committee(s) some of its duties under these by-laws as it deems fit.
- (iii) These committees shall convene as directed by the board.
- (iv) The committees: -

- a) Shall always keep minutes of their work.
- b) May member to the management any of their functions but shall ultimately bare responsibility

61. FINANCE AND ADMINISTRATION COMMITTEE

61.1 The Finance and Administration Committee shall consist of Signatory members from the board including the treasurer who shall serve as its Chairman. Its duties shall be to:

- (i) Review and make recommendations to the board on the financial plans of the Society ensuring its adequacy and soundness in providing for the Society current operations and long-term stability.
- (ii) Review, discuss and make recommendations to the board concerning significant financial planning, management, and reporting issues of the Society.
- (iii) Review periodic financial statements of the Society before submission to the board.
- (iv) Consider and advise the board on investments and borrowings.
- (v) Make recommendations to the board on capital expenditure projects.
- (vi) Ensure all expenditure of the Society are within the approved budgets.
- (vii) Monitor the management's adherence to the procurement plans approved by the board.
- (viii) Review and make recommendation on finance related policies including investments, capital adequacy and financial performance monitoring.
- (ix) Ensure the Society has liquidity management policies as prescribed in the Regulations.
- (x) Review loan interest rates and other levies proposed by the management and make recommendations to the board for approval.
- (xi) Review and make recommendations on appropriate Human Resource Policies,
- (xii) Review the organizational structure of the Society and ensure it is manned by staff with relevant skills and experience.

- (xiii) Ensure that periodic reviews of staff performance are conducted.
- (xiv) Examine and recommend Human Resource expenditure for approval by the board.
- (xv) Ensure establishment of management succession plan in the Society.
- (xvi) Ensure the management adheres to the approved human resource and related policies.

62. EDUCATION AND MARKETING COMMITTEE

62.1 The Education Committee shall consist of three members appointed from the board. Its duties among others shall be to:

- a) Review and recommend education programs for members, board members, and the public for approval by the board.
- b) Monitor implementation of educational programs formulated to ensure that the members and the board are well trained and prepared for the tasks they are entrusted with.
- c) To ensure that Business development and marketing is well promoted.

63. AUDIT AND RISK MANAGEMENT COMMITTEE

62.1 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.

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

- (i) Ensuring establishment and review of the internal control system.
- (ii) Review performance and findings of the internal auditor and recommend remedial actions regularly and at least once in every three months.
- (iii) Recommending three names of external auditors and the remuneration to the board.
- (iv) Reviewing coordination between internal and external audit functions as well as monitor external auditor's independence and objectivity.
- (v) Report to the board on their findings and recommendations.

64. CREDIT AND MICRO COMMITTEE

64.1 The credit committee shall consist of three members of the Board whose chairman shall be picked from among Board members, its duties among others shall be to: -

- (i) Ensure establishment and review of appropriate credit policy consistent with the relevant provisions of the Regulations and these by laws.
- (ii) Ensure that the problem 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.

SECTION 10 - SUPERVISORY COMMITTEE

65. SUPERVISORY COMMITTEE

65.1 The Society shall have a supervisory committee consisting of three members each elected at the Delegate meeting for a period of three years and one member of the supervisory committee shall retire annually but subject to re-election. No person who has been a member of the board within two (2) years preceding the date of the anticipated election shall be eligible for membership of the supervisory committee.

65.2 Elections of supervisory committee members shall be done at the ADM.

65.3 The committee shall:

- (i) Have qualifications like those of members of the Board.
- (ii) Be required to have at least some knowledge of accounts.
- (iii) Be removed by a resolution of the Delegate meeting.

65.4 The supervisory committee shall hold quarterly meetings save for joint meetings between its members and those of the Board.

66. DUTIES OF THE SUPERVISORY COMMITTEE

66.1 The duties of the supervisory committee shall include:

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

- a) Verification of all transactions of the Society.
 - b) Writing periodic reports to be tabled at board meetings.
 - c) Submission of its reports to the commissioner
 - d) Presenting its reports to Delegate's meeting.
- (ii) The supervisory committee shall not perform the duties or exercise any of the powers of the board.
 - (iii) The supervisory committee shall be held liable for any loss incurred due to their negligence in performing their duties.
 - (iv) The Supervisory Committee shall serve as the appeal committee to hear appeals from suspended members.

SECTION 11 – DUTIES AND RESPONSIBILITIES OF OPERATIONAL MANAGEMENT

67. THE CHIEF EXECUTIVE OFFICER

67.1 The chief executive officer shall be appointed by the board and shall be responsible for the day-to-day operations of the Society and ensure.

- (i) The implementation of and adherence to the policies, procedures, and standards.
- (ii) Systems that have been established to facilitate efficient operations and communication are followed.
- (iii) The planning process that has been developed to facilitate achievement of targets and objective is adhered to.
- (iv) All staff matters, particularly human resource development and training are attended to.
- (v) Adherence to the established code of conduct.
- (vi) Compliance with the Act, Regulations, Co-operative Societies Act, Rules these by laws and any other applicable laws.

67.2 The Chief Executive Officer shall ensure that the board is frequently and adequately appraised on the operations of the Society through presentation of relevant reports which shall cover, but not limited to the following: -

- (i) Financial statements (monthly, quarterly, and annual).
- (ii) Showing current compared with past period actual performance, the budget compared with the actual and with explanations for any variances.
- (iii) Capital structure and adequacy.
- (iv) Delinquent loan list, and in particular growth in loans, loan losses, recoveries, and provisioning.
- (v) Statement of comprehensive income (monthly, quarterly, and annual) comparison with budgeted against actual.
- (vi) Sources and application of savings and deposits.
- (vii) All insider lending and non-performing insider loans if any.
- (viii) Violation of the Act, these regulations and any other applicable law, and remedial actions taken to comply.
- (ix) Large risk exposures.
- (x) Investment portfolio.

67.3 The chief executive officer shall.

- i) Attend all board and Delegate meetings as an ex-officio member.
- ii) Be a signatory to SACCO Society cheques, contracts and other documents as may be necessary.
- iii) Perform such other duties as may be assigned by the board.

SECTION 12 - FUNDS OF THE SOCIETY

68. FUNDS

The funds of the Society shall consist of:

68.1 Core Capital

- (i) Paid up members' shares.
- (ii) Retained Earnings
- (iii) Disclosed Reserves
- (iv) Grants and Donations

68.2 Income

- (i) Interest, fees and charges, penalties, and commissions
- (ii) Registration fee of **Kshs 1000**

- (iii) Any donations, grants or gifts from other bodies, organizations, or individuals.
- (iv) Funds obtained from other lawful miscellaneous sources.

68.3 Liabilities,

The liabilities include deposits from members and borrowings from other sources as may be prescribed by the Authority.

Funds obtained from lawful miscellaneous sources.

69. CAPITAL ADEQUACY

69.1 The Society shall always maintain capital adequacy requirements as prescribed in the Act and Regulations.

70. APPLICATION OF FUNDS

70.1 The funds of the Society shall only be applied for the promotion of the stated objects of the Society as set forth in these by laws, and shall be invested as prescribed in the Act and Regulation:

70.2 Investments under 70.1 above shall not in the aggregate, exceed such proportion of total assets, core capital and deposits of the Society as prescribed in the Regulations.

71. POWER TO BORROW

71.1 Loans may be obtained from non-members subject to the maximum amount and terms approved by the Delegate meeting provided the total external borrowing by the Society does not exceed the limit prescribed in the Regulations.

71.2 For the securing of any loans accepted by the Society under 71.1 the Society may grant a charge over its assets. The authority to grant a charge shall be reserved to the Delegate meeting.

71.3 The maximum liability fixed shall be subject to the approval of the Commissioner who may at any time reduce it or impose such condition as he may deem necessary.

72. RECEIPTING OF MONEY

72.1 Money received on account of shares, deposits, Loans, interests, fees, or fines shall be recorded and evidenced as provided in the approved policies and procedures manuals.

73. PAYMENT AND DISBURSEMENT

73.1 Payments made by the Society shall be recorded and evidenced as provided for in the approved policy and procedure manual.

74. EXPENDITURE

74.1 No expenditure shall be authorized by the board and/or management unless it is provided for in the estimates formally approved by the Delegate Meeting.

75. BOOKS OF ACCOUNTS AND RECORDS

75.1 The Society shall keep up to date and in a proper businesslike manner, electronic or otherwise, such books of accounts and records as stipulated in Co-operative Societies Act and Rules, and in particular: -

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

75.2 The accounts and the financial records of the Society shall be denominated in Kenya shillings and shall comply with international financial reporting standards and any reporting requirements prescribed by the Authority.

76. DISTRIBUTION OF SURPLUS FUNDS

76.1 Subject to the Act, Regulations and approval by the Delegate meeting, the net surplus resulting from operations of the Society during any financial year may be disposed of as follows:

- a) 20% shall be credited to the Reserve Fund.
- b) By the Delegate Meeting for:
 - (i) Paying dividends on shares
 - (ii) Paying interest on deposits
 - (iii) Being forwarded to Education Fund or any other fund or funds of the Society including the appropriations.
 - (iv) Paying honorarium to Board at one percent on total turnover.
 - (v) In any other way recommended by the board and approved by the Delegate meeting.

SECTION 13 - GENERAL PROVISIONS AND/OR MISCELLANEOUS ITEMS

77. POLICIES & PROCEDURES

77.1 The board shall make and approve such policies and procedures as prescribed in the Regulations and as they deem necessary for the conduct of the Society's business. Any such policies and procedures shall be recorded in the minute book.

78. CODE OF CONDUCT

78.1 The officers of the Society shall comply with governance rules as prescribed by the ethics commission for cooperatives.

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

79. COMMON SEAL

79.1 The Society shall adopt and use a common seal. The seal shall have an imprint bearing the words "seal of **TABASAMU SAVINGS AND CREDIT CO-OPERATIVES**

SOCIETY LIMITED” which shall be different from the ordinary name-stamp of the Society.

- i) The seal shall be kept securely under lock and key by the chief executive officer and be used only in the presence of the officers authorized to sign documents on behalf of the Society.
- ii) Where the common seal is used in any document it shall be authenticated by the signature of the board chairman and the chief executive officer or any other officer authorized by the board of the Society.

80. FINANCIAL YEAR

80.1 The financial year of the Society shall be from 1st January to 31st December.

81. FINES

81.1 For any breach of these by-laws or lawful instructions issued by the Board and Delegate meeting, or failure to honour his obligations on time, the member may be fined an amount not exceeding **Kshs.20, 000**.

82. DISPUTES

82.1 If any dispute concerning the business of the Society arises: -

- (i) Among members, past members and persons claiming through members, past members, and deceased members; or
- (ii) Between members, past members or deceased members, and the Society, its committee, or any officer of the Society; or
- (iii) Between the Society and any other co-operative society.
- (iv) Between the Society and the Authority

82.2 Which cannot be determined by the board (or Delegate Meeting), or alternate dispute resolution mechanism (ADR) shall be referred to the Tribunal. Appeals shall be taken to the High Court.

83. INSPECTION OF DOCUMENTS

83.1 All books of accounts and other records shall always be available for inspection by the Commissioner, the Authority, supervisory committee, and the members.

83.2 The by-laws of the Society and the registration certificate shall always be available for inspection by the Authority and the Commissioner.

83.3A list of members (excluding details of nominees and shareholdings, deposits, and loans) shall be available for inspection by any member and any other stakeholder upon payment of a prescribed fee.

84. MISCELLANEOUS

84.1No board member or Supervisory Committee member shall receive from the Society any payment apart from sitting allowance, and travelling and subsistence allowance, except an honorarium from the turnover as allowed in these by-laws.

84.2The board and supervisory committee members, and employees of the Society shall hold in the strictest confidence all transactions of the Society with its members.

84.3No member of the board or supervisory committee 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 board or committee members 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.

84.4A copy of these by-laws shall be furnished to every member who joins the Society or on request upon payment of a fee not exceeding its actual cost to the Society.

85. DISSOLUTION





85.1The Society shall be dissolved in accordance with the procedures set forth in the Co-operative Societies Act, Rules, and the Regulations.

86. AMENDMENT OF BY-LAWS

86.1These by-laws shall be amended in accordance with the Cooperative Societies Act and the Rules, the Act and Regulations but no amendment shall become effective until it is approved and registered by the Commissioner.

87. ACCEPTANCE

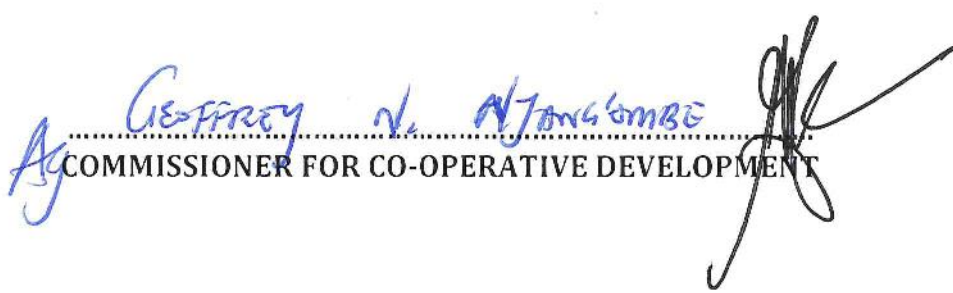
87.1 We the undersigned Board Members of **TABASAMU SAVINGS AND CREDIT CO-OPERATIVES SOCIETY LIMITED** named herein do hereby accept these by laws for and on behalf of the Society.

TITLE	NAME	ID. NO.	SIGNATURE
CHAIRMAN	<u>FELSTER MBAIKA MUTISYA</u>	<u>10769009</u>	
VICE CHAIRMAN	<u>JUMA JUMA MWATIMO</u>	<u>8427001</u>	
HON. SECRETARY	<u>LEONARD JUMA RURA</u>	<u>21702258</u>	
TREASURER	<u>DAUDI DIGO MWATEMO</u>	<u>8397974</u>	

OFFICIAL CERTIFICATION

I CERTIFY that the foregoing by-laws of _____ Savings and Credit Co-operative Society Limited have been approved and duly registered.

Given under my hand at Nairobi this 9th Day of July 2021



 COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

THE CO-OPERATIVE SOCIETIES ACT
CERTIFICATE OF AMENDMENT OF BY-LAWS

We, FELISTER MUTISHA & LEONARD RUMIA Chairman and Secretary of*

TABASAMU SACCO Co-operative Society Limited hereby certify:-

- (i) that the enclosed amendment for the by-laws was made at a general meeting held on 27/2/2021
- (ii) that on that date there were 5,471 number of members' in the society register of whom 361 were present in the meeting;
- (iii) that 361 members voted for the amendment;
- (iv) that proper notice of the meeting and the proposed amendment were issued to all members of the society;
- (v) that a voting paper was duly issued to every member;
- (vi) that the amendment had received the prior approval of the Commissioner for Co-operative Development.

[Signature] Chairman

Date 27/6/2021

[Signature] Secretary

APPROVED
[Signature]
 COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

9/7/2021

