



**MWALIMU NATIONAL DEPOSIT TAKING SAVINGS AND CREDIT
CO-OPERATIVE SOCIETY LIMITED**

**BY-LAWS
(REVISED – JUNE 2023)**

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1. NAME AND AREA OF OPERATION

1.1 NAME

The legal name of the Society shall be "Mwalimu National Deposit Taking Savings and Credit Co-operative Society Limited", hereinafter referred to in the By-laws as "the Society" while the brand name shall be "Mwalimu National DT Sacco".

1.2 AREA OF OPERATION

The area of operation shall be within the Republic of Kenya in particular and other countries.

2. REGISTERED OFFICE, POSTAL & ADDRESS

2.1 REGISTERED OFFICE

The registered office of the Society shall be at:

MWALIMU TOWERS, L.R NUMBER 209/5459, UPPER HILL, NAIROBI.

2.2 POSTAL ADDRESS

The Postal Address shall be:

P. O. Box 62641 – 00200 NAIROBI.

2.3 WEBSITE ADDRESS

The Website address shall be:

<http://www.mwalimunational.coop>

2.4 E-MAIL ADDRESS

The Email address shall be:

mwalimu@mwalimunational.coop

Notice of any change of address shall be given to the Commissioner for Co-operative Development (hereinafter referred to as 'The Commissioner) and to

all stakeholders of the Society.

3. DEFINITIONS/INTERPRETATIONS AND REFERENCE FOR INTERPRETATION

3.1 DEFINITIONS/INTERPRETATIONS

- (a) "applicable Laws" unless the context otherwise suggests, words, or phrases shall be defined/interpreted in accordance with the Co-operative Societies Act Cap (490) and the Sacco Societies Act No. 14 of 2008, hereinafter collectively referred to as the "the Acts" as well as the Cooperative Societies Rules 2004 and the SACCO Societies (Deposit-Taking SACCO Business) Regulations 2010, hereinafter collectively referred to as "the Rules". The Acts and Rules shall also include any amendments, and further subsidiary legislation enacted under the Acts.
- (b) In these by-laws, save as otherwise expressly stated;
- (i) Annual Delegates Meeting shall mean the Annual Delegates Meeting or Special Delegates Meeting for the Sacco.
 - (ii) The Board shall mean "Board of Directors" which has the same meaning as the Central Management Committee.
 - (iii) "Branch General Meeting" shall mean a meeting of members of that particular branch.
 - (iv) "Tribunal" - when used in these by-laws, means the Co-operative Tribunal established to hear and determine disputes under the Act.
 - (v) "Commissioner" means the Commissioner for Co-operative Development and Marketing appointed under Section 3(1) of the Co-operative Societies Act, Cap 490 (Revised 2005).
 - (vi) In these By-laws where masculine gender is referred to, it shall include the feminine gender.
 - (vii) A "delegate" shall mean a member elected to a leadership position at an Annual General Meeting of a branch to represent members.
 - (viii) "Member" shall mean a person admitted to membership in accordance with these by-laws.

- (ix) "Front Office Services Activity" (FOSA) - shall mean the Society's Activity that accepts deposits, pays it out on demand and gives credit to customers. FOSA shall also refer to that activity of the Society commonly known as Withdrawable Savings Fund (WSF).
- (x) "Back Office Services Activity" (BOSA) - shall mean the Society's Activity that accepts members' deposits/shares that are not readily withdrawable and gives loans.
- (xi) "Share"- shall mean the amount represented by a member's portion in equity of the Society as a co-owner. Shares shall only be transferable but not withdrawable.
- (xii) "Deposit"- shall mean a sum of money paid on terms under which it shall be repaid, with or without interest or premium, and either on demand or at a time or in circumstances agreed by the or on behalf of the person making the Society to receive it at the risk of the Society (BOSA).
- (xiii) "Savings"-shall mean deposits held in FOSA.
- (xiv) "Core Capital"- shall mean 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.
- (xv) "Dividend"- shall mean a member's share of the surplus of the Society which is divided amongst members, calculated by reference to the proportion which that member's shares bear to the total share capital of the Society.
- (xvi) "Interest on deposits"- shall mean a member's share of the surplus of the Society which is divided amongst members, calculated by reference to the proportion which that member's deposits bear to the total deposits of the Society.
- (xvii) CEO means the Chief Executive Officer and refers to the officer in-charge of the management of the Society.
- (xviii) "Formal employment" - shall mean employment in Government Ministries/departments or public/ private institutions.
- (xix) "Suspension" – shall mean prohibiting a member from exercising all his rights other than repaying his monthly contributions and loans.

- (xx) "Expulsion" - shall mean removal of a member from the Society.
- (xxi) "Nominee shares funds" – shall mean a fund where a deceased person has bequeathed shares to a nominee but the nominee has not yet become a member of the Society.
- (xxii) "Casual vacancy at the Board of Directors and Supervisory Committee level" - shall mean a vacancy arising from the following circumstances:
 - i. Ceasing of Sacco membership.
 - ii. Death.
 - iii. Resignation.
 - iv. Bankruptcy.
 - v. Unsound mind.
 - vi. Conviction to a jail term of more than 6 months.
 - vii. In breach of Chapter 6 of the Constitution of Kenya, 2010.
 - viii. Ceasing to be a delegate.
- (xxiii) "Member in good standing" means a member who is current on the repayment of his loan 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 set by the Society.
- (xxiv) Regulator – refers to the Sacco Societies Regulatory Authority established under the Sacco Societies Act 2008
- (xxv) Subsidiaries – refers to Mwalimu Assets Management, Mwalimu National Holding, Spire Bank and Spire Insurance Brokers, and any other legal entity formed by the Society.
- (xxvi) Apex Bodies – refer to bodies that represent the interest of the Society at national and international levels for example Kenya Union of Savings and Credit Cooperatives (KUSCCO), the African Confederation of Cooperative Savings and Credit Association (ACCOSCA).

3.2 REFERENCE FOR INTERPRETATION

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

4. OBJECTS

The objects for which the Society is established are:

- (a) To promote thrift among its members by affording them an opportunity for accumulating their savings and create thereby a source of funds from which loans can be made to them exclusively for provident and productive purposes, at fair and reasonable rates of interest; thereby enabling them to use and control their money for their mutual benefits.
- (b) To provide an opportunity for each member to improve his respective socio-economic conditions.
- (c) To offer the members complementary savings and credit services and other financial services as may be received by members from time to time
- (d) To ensure safety and soundness of the members' funds through risk management programme or any other appropriate insurance scheme.
- (e) To perform the functions and exercise the powers ordinarily designated for savings and credit co-operative societies under the applicable law.
- (f) To provide welfare services as may be determined by the Board from time to time.

For the attainment of the above objects, the Society may do all acts and things that are permissible under the Rules and the by-laws of the Society.

5. CO-OPERATIVE PRINCIPLES

The Society shall act in accordance with the following co-operative principles, namely:

- (a) Voluntary and open membership;
- (b) Democratic member control;
- (c) Economic participation by members;
- (d) Autonomy and independence;
- (e) Education, training and information;
- (f) Co-operation among co-operatives, and
- (g) Concern for community in general.

6. MEMBERSHIP/COMMON BOND

There shall be 2 classes of membership to the Society, with each class exercising different rights as stipulated in By-law 10.

6.1 CLASS A MEMBERS

Membership shall consist of:

- (a) Employees of Teachers Service Commission.
- (b) Employees of Mwalimu National DT Sacco Ltd.
- (c) Employees of TVETA and its institutions who are on check off.
- (d) Teachers in Public and Private Post Primary Schools who are on check off.
- (e) Spouses and members' children above 18 years.
- (f) Lecturers in public and private universities who are on check off.
- (g) Students previously sponsored by the Society under the ChildHope Foundation who are over 18 years.
- (h) A salaried employee on check off whose employment terms are permanent and pensionable or a contract of not less than 3 years.

6.2 CLASS B MEMBERS

Membership shall consist of:

- (a) Students undertaking education-related studies leading to diplomas and degrees, in technical colleges and universities recognized by the Ministry in charge of Education.
- (b) Members who have withdrawn their deposits and have not yet transferred shares to another member.
- (c) Members by share capital
- (d) Nominees, spouses and children of deceased members shall be eligible to become members of the Sacco upon demise of the subject member.
- (e) Spouses, Siblings and children of exited members shall, subject to the Board's approval be eligible to become members of the Sacco.
- (f) Members admitted to patronize FOSA subject to the Board's approval.
- (g) Members who have left the common bond will continue with membership.

7. QUALIFICATION FOR MEMBERSHIP

A person shall be eligible for membership into the Society if he possesses the following qualifications:

- (i) Is not less than 18 years of age.
- (ii) Is a Kenyan citizen or an ordinary resident of Kenya.
- (iii) Is of sound mind.
- (iv) Has not been convicted of any criminal offence or if has been convicted, has not been sentenced to a jail term of more than 6 months.
- (v) Is of good standing and character.

No person shall be eligible for membership if he is a member of another Co-operative having the same or similar objectives as those contained in these By-laws.

8. APPLICATION FOR MEMBERSHIP AND RE-ADMISSION

8.1 NEW MEMBERSHIP

- (a) Every applicant for membership shall complete an "Application for Membership" form. This form may be drawn so as to show all the information required for the purpose of Register of members.
- (b) The completed form upon receipt and admission shall be allocated a membership number, filed in the members personal file and the number given be entered in the members register
- (c) An applicant shall be admitted to membership on being accepted by the Board and upon payment of Ksh.2,000 or such other amount for entrance fee as may be determined by the board from time to time.

8.2 RE-ADMISSION

- (a) A member who withdraws from the Society may rejoin after a period of not less than 3 months of the withdrawal. However, such time frame shall be reviewed by the Board from time to time

- (b) A Re-Admission fee of Ksh. 2,000 or such other amount as may be determined by the board from time to time.
- (c) Upon re-admission, the rejoining member shall be treated as a new member for purposes of qualification of members' rights and obligations.
- (d) Upon admission/re-admission by the Board, a member will be issued with a membership biometric identification card. The By-laws shall be available on the website.

9. REFUSAL OF ADMISSION

The Board may refuse admission to a person after assigning reasons for its decision. Such a person, whose membership has been refused, if aggrieved, shall have the right to appeal to the next Annual Delegates meeting through his Branch. Such an appeal shall be heard and determined if the necessary notice has been given in accordance with the applicable law

10. MEMBERSHIP RIGHTS AND OBLIGATIONS

Subject to these by-laws, policies, standards and procedures, all members shall have the right to use the Society's services and exercise the rights established by the law, the rules and the By-laws. The members are entitled but not limited to:

10.1 MEMBERS' RIGHTS

- (a) Download or upon request receive a statement of account containing a record of his credit and debit transactions.
- (b) Attend and participate at the Branch Annual General meeting of members. Each member shall have one vote irrespective of the member's shareholding.
- (c) Elect or be elected as delegate of the Society as per these By-laws.
- (d) Use the Sacco Society services according to the policies and procedures approved by the Board.
- (e) Propose initiatives to the Board for consideration.
- (f) Other rights as prescribed by the relevant law.
- (g) To be heard by the Board when charged with an offence under this By-laws.

10.2 MEMBERS' OBLIGATIONS:

All members are obliged to:

- (a) Be faithful and honest in all their dealings with the Society.
- (b) Observe the law, the rules and these By-laws whenever transacting any business with the society.
- (c) Observe the code of conduct and ethics for Cooperative Societies as established under the Public Officers Ethics Act,2003, and in particular desist from any corrupt practices in all dealings with the society.
- (d) Refrain from engaging in the business of money lending that may be in competition with the Society.
- (e) Protect the image of the Society and avoid negative acts which may injure the reputation of the Society.
- (f) Pay debt obligations to the Society without fail.
- (g) Save regularly with the Society to mobilize loanable funds.
- (h) Participate in Member Education Days.
- (f) Observe all other obligations as prescribed by the relevant laws.
- (g) Observe law and order at all times when transacting Sacco business.'

10.3 EXCLUSION OF RIGHTS:

All Class B members SHALL NOT be entitled to the following rights:

- (a) Participate in decision making at the Branch Annual General Meeting of members.
- (b) Elect or be elected as delegate of the Society as per these By-laws.

11. MODE OF COLLECTING AND PAYING SOCIETY'S DUES

11.1 MODE OF COLLECTING SOCIETY'S DUES

- (a) The Society shall be using the "check-off system", cash payment, standing orders, pay bill numbers, mobile money transfers, cash deposits or any other modes of collection as may be approved from time to time by the Society's Board of Directors, for payment of member's shares and deposits, and for loan repayments. A periodic "Statement of Account" containing a record of the member's transactions with the Society shall be maintained.

11.2 MODE OF PAYING SOCIETY'S DUES

- (a) All members shall be required to open a FOSA account with the Society.
- (b) All payments due to a member shall be paid through the FOSA.

12. **NOMINEES**

Every member shall nominate in writing one person or more to whom, on his death, deposits or any other benefits due shall be paid.

Each such nomination record shall be affixed with the Society's common seal, attested by two witnesses who are members of the Society and kept securely under lock and key in the nominee register.

A member shall have the right to amend his nominee(s) record from time to time as circumstances prevail.

13. **PAYMENT TO NOMINEE**

- (a) In the event of the 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 the nominee the value of deceased member's deposits, savings and any other benefits after deducting such sums as may be due from the member to the society, as soon as possible.
- (b) A nominee shall not have the option to be admitted to membership unless he also belongs to the same Common Bond as the deceased member. On admission to membership of such a nominee the shares, deposits and savings of and interest/dividend due to the deceased

member shall be transferred in the name of that nominee who shall also be responsible for repayment of liabilities, if any, due from the deceased member to the society.

- (c) Any member nominating a minor shall appoint an administrator of the benefits due to the nominee.
- (d) The payment to nominee(s) shall be subject to the laws of Kenya.

14. DISCHARGE OF NOMINEE

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

15. CESSATION OF MEMBERSHIP

Membership in the society shall cease with effect from the date of a member:-

- (a) Death.
- (b) Being expelled from membership.
- (c) Withdrawing all his Deposits.
- (d) Becoming certified insane.
- (e) Transferring his shares.
- (f) Ceasing being an employee of Mwalimu National Sacco or Mwalimu National SACCO subsidiaries under disciplinary circumstances.
- (g) Being declared bankrupt by a court of law.
- (h) Any member who has not contributed for 2 consecutive years from the date of admission.

16. DISCIPLINARY MEASURES

16.1 RIGHT TO BE HEARD

Any member charged with an offence under this by laws shall be informed of the offence in writing by the Chief Executive Officer and shall be invited to appear before the Board to give his defence.

16.2 SUSPENSION

The Board may suspend a member who engages in such offences like:

- (a) Falsifying documents.
- (b) Engaging in businesses which are in conflict with the Society interest.
- (c) Impersonation.
- (d) Willfully fails to comply or refuses to comply with Policies, Procedures or Contracts.
- (e) Diverting salary from the FOSA when servicing an advance.

Any member found guilty of any of these or similar offences shall be liable to suspension from the society for a period not exceeding 12 months or liable to a fine not exceeding KSh.20,000 or to both such suspension and fine.

16.3 EXPULSION

The Board may expel a member who:

- (a) Is convicted in a court of law for a criminal offence.
- (b) Willfully fails to comply or refuses to comply with Co-operative Societies Act, Rules and these By-laws.
- (c) Acts in any manner detrimental or prejudicial to the Society's Interests.

16.4 A member who is undergoing the disciplinary process in accordance with these By-Law shall not be entitled to any new credit facilities/loans/products during the disciplinary process.

17. APPEAL AGAINST EXPULSION

A member expelled from the society membership shall have the right to appeal to the next Annual Delegates Meeting through his Branch.

18. PAYMENT ON CESSATION OF MEMBERSHIP AND PARTIAL WITHDRAWAL

18.1 CESSATION OF MEMBERSHIP

A member who withdraws or is expelled shall be paid the following dues after deduction of any debts, owed by him to the Society as borrower, endorser, guarantor, or otherwise:

- (a) Any dividends or interest due to him on the date membership ceases.
- (b) Any deposits or other sums held by the society on his behalf.

No shares shall be paid upon withdrawal and any member having deposits in excess of liabilities may offset such liabilities from the deposits.

19. FUNDS

The funds of the Society shall consist of:

- (a) Admission fee.
- (b) Share transfer fee.
- (c) Shares from members.
- (d) Deposits from members.
- (e) Savings from members.
- (f) A reserve fund as required by the By-laws and such other reserves as may be established by a resolution of the Annual Delegates Meeting.
- (g) Any surplus resulting from operations of the Society.
- (h) Funds obtained from lawful miscellaneous sources.
- (i) Borrowed funds, loans and overdrafts.

The funds of the society shall be applied to the promotion of the stated objects and purposes of the society as set forth in these By-laws.

20. SHARES

The nominal value of each share shall be KSh.20.00 and every member shall hold at least 1,500 shares in the Society but no member shall hold more than one fifth of the total shares.

Shares shall form part of the core capital of the Society as stipulated by the Sacco Societies Act No. 14 of 2008.

The existing members as at the date of approval of the amendment by the ADM shall be given a two-year grace period from the date of approval of the amendments under the Cooperative Societies Act to top up their share capital to Kshs. 30,000.

21. BOSA CONTRIBUTIONS

- a) The Board may fix a minimum amount within the Credit Policy that may be paid by a member as BOSA contributions at any one time. No member shall be permitted to reduce his deposit contribution to less than the minimum amount determined by the Board.
- b) No member shall be permitted to reduce his deposit contribution to less than the minimum amount determined by the Board.

22. TRANSFER OF SHARES/DEPOSITS

- (a) A member/Nominee may at any one time, apply to the Board for approval to transfer his share capital to another member. Such transfer must be in writing and at nominal or book value. The implementation of this By-law is subject to By-law 20.
- (b) All transfers of share capital must be registered with the society, and no transfer shall be valid unless so registered. A fee of KSh.1,000.00 shall be payable by the present holder for each such transfer or any other amount as may be determined by the board from time to time.
- (c) A member immediately upon cessation of membership in Mwalimu National Sacco shall sell their shares in Mwalimu National Holdings Limited to Mwalimu National Sacco at par value.

23. NOTICE OF INTENTION TO WITHDRAW

- (a) The Board shall have the right at any time to require members to give 60 days' written notice to withdraw from the society.

- (b) The member shall provide substitute guarantors if applicable.
- (c) The member shall provide a clearance certificate from the employer.
- (d) A former member who has withdrawn his deposits will be allowed to retain his shareholding under Class B membership and continue to enjoy dividends.
- (e) A member who has withdrawn from the Society may be considered for re-admission as stipulated in by-law 8.2.

24. LIABILITY

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

25. BORROWING POWERS

- (a) Loans may be obtained from members and non-members subject to the maximum approved by the Annual Delegates Meeting.
- (b) For the security of any loans accepted by the Society under paragraph (a) above, the society may grant a charge over its assets. The authority to grant a charge shall be reserved to the Annual Delegates Meeting subject to approval by the Commissioner for Cooperatives.

26. RETURN ON MEMBERS SHARES AND DEPOSITS

26.1 DIVIDEND

Dividend shall be calculated on monthly balances at the end of the financial year.

The rate of dividend per share shall be proposed by the Board for approval by the Annual Delegates meeting.

26.2 INTEREST ON DEPOSITS

Interest on deposits shall be calculated on monthly balances at the end of the financial year.

The rate of interest shall be proposed by the Board for approval by the Annual Delegates meeting.

27. RECEIPTING FOR MONEY

Money paid in or surrendered shall be authenticated by an official Receipt or such other means as may be appropriate and practical if the money is received by electronic means. The person receiving any money on behalf of the society shall be identified on the said official receipt.

28. RESERVE FUND

The society shall maintain a Statutory Reserve Fund as required by the Act and Rules. The Annual Delegates Meeting may establish other Reserve Funds as may be deemed necessary.

29. SOCIETY BRANCHES

- (a) There shall be society branches determined by the Board based on the number of members and geographical convenience in a branch.
- (b) The branches shall form electoral zones for the Society.

30. BRANCH ANNUAL GENERAL MEETING

- (a) Branch General Meeting shall take place annually, and shall consist of members of the Branch.
- (b) The Board or two thirds of members of the branch shall have powers to convene a Branch General Meeting whether special or annual.
- (c) At least fifteen days written notice shall be given to convene a Branch Annual General Meeting. The notice shall be issued by the Branch Secretary.

- (d) A Branch Annual General Meeting shall be presided by branch Chairman or Vice Chairman and in their absence one of the branch delegates to be nominated by the delegates present.
- (e) The Branch Secretary shall take minutes but in his absence where there are three or more delegates, one of them shall take minutes or in their absence any delegate or member nominated by the members present
- (f) A Branch Chairman shall declare a meeting has quorum and commence the meeting with the Delegates present within one and a half hours after the advertised time of meeting.
- (g) A Branch Chairman shall communicate the date and venue of the Annual General Meeting to the CEO at least 21 days before the AGM. The communication shall be supported by minutes of branch meeting that chose the AGM date and venue.
- (h) The Society Headquarters may send a SMS to members informing them of the AGM.

31. FUNCTIONS OF THE BRANCH ANNUAL GENERAL MEETING

- (a) Elect branch representatives whose number shall be determined by the Board based on the number of members in a branch but not exceeding 10.
- (b) Confirm minutes of the previous meeting.
- (c) Consider reports of the Board.
- (d) Express views and make resolutions for consideration by the Board/Annual Delegates Meeting.
- (e) Make resolutions and forward them to Annual Delegates Meeting.

32. BRANCH DELEGATES

32.1 ELIGIBILITY AS A BRANCH DELEGATE

- (a) To qualify as a delegate, a member must meet the following minimum conditions:
- (i) Minimum shares of Kshs. 50,000 and deposits of Kshs. 500,000/= as at 31st December of the year preceding the AGM at which a member is seeking election as a delegate.
 - (ii) Should have been a member for 6 years.
 - (iii) Must be FOSA account holder and their salary is remitted through FOSA.
 - (iii) Should be of good standing and character.
 - (iv) have all payslip based loans obtained from the Sacco.
 - (v) Should be patriotic and loyal to the Society.
 - (vi) Should be at least 21 years old and not more than 57 years old at the time of contesting.
 - (vii) Should not be a current or former employee of the Sacco.
 - (viii) Should not be in breach of the provisions of Chapter 6 of the Constitution of Kenya.
 - (ix) Should not have any commercial loans from any other financial institution.
- (b) A delegate will cease to be a delegate of the Branch the moment he ceases working in that branch.
- (c) A delegate will cease to be a delegate of the branch if elected without having met the conditions stipulated in these by-laws.
- (d) A delegate shall automatically cease to be delegate in the event of default for 90 days. They shall not be eligible to vie as a delegate in the next

AGM. The Board may consider exempting a delegate from the aforesaid subject to a written application for exemption addressed to the CEO. The application must be received within 60 days of default.

- (e) a prospective delegate and sitting delegate must meet the requirements under By Law 32.1 by 31st December of the preceding year, at the point of application for the position, vetting and during their tenure. Subject to By Law 32.1 (d) if a delegate at any point does not meet any of the requirements they shall immediately cease to be a delegate.

32.2 BRANCH MEETINGS

- (a) The branch delegates shall be elected during the Branch Annual General Meeting for a period of three years with one third ($\frac{1}{3}$) retiring annually on rotation and shall be eligible for re-election.
- (b) Branch delegates shall meet once every three months.

32.3 DELEGATES IN SUBSIDIARIES:

In the event that a delegate cease to hold his/her position by virtue of By-law 32.1 (b) he/she will also cease to hold directorship in any SACCO subsidiaries.

32.4 DUTIES / FUNCTIONS OF DELEGATES

The duties/functions of Branch Delegates shall be:-

- (a) Representing members of a branch at the Annual Delegates Meeting.
- (b) Disseminating policies of the Society to the members.
- (c) Recruiting new members.
- (d) Marketing of the Society products and services.
- (e) Educating members on society strategic and policy direction, rules and procedures.
- (f) Be aware of all stakeholder functions within their Branch and assist the HQ in organizing Society functions at the branch level. This is to ensure the Society's visibility and early recruitment of members.
- (g) Promoting positive image of the Society at the Branch by amongst other modes handling member complaints in an informed and conclusive manner to ensure member retention.
- (h) Ensuring that the Rules and the By-laws are strictly observed in the Branch.
- (i) To receive and hear appeals in accordance with By-laws No.9 and 17.
- (j) Branch Chairmen shall inform the Board on relevant branch issues that may affect the Sacco's operation and its leadership.
- (k) Assist in ensuring member retention in their areas by providing workarounds for members who want to withdraw.

- (l) Maintain a list of all members in their branch, and per zone if applicable.
- (m) Advice members on investments, wealth creation, savings and also their ability to repay loans whenever consulted.
- (n) Provide timely information to the Society about member's retirement, bereavement and loan defaults.

33. ANNUAL DELEGATES MEETING

The supreme authority shall be vested in the Annual Delegates Meeting which shall be constituted by the branch delegates. The number of delegates shall be determined by the Board subject to approval by the Annual Delegates Meeting. Delegates shall hold annual and special meetings as follows:-

- (a) The Annual Delegates Meeting shall be held every year not more than 120 days after the close of the financial year, to conduct Society business as is laid down in the Act and these by-laws.
- (b) Any business not completed at the Annual Delegates Meeting such as acting upon the Auditors Report (if not received by time of the meeting), disposal of the net surplus etc., may be taken up at a subsequent special meeting, or at the next Annual Delegates Meeting.
- (c) A Special Delegates Meeting shall be held:
 - (i) When convened by the Commissioner, the Board or delegates.
 - (ii) Within 15 days of receipt of written request from at least two thirds of the delegates. If the Board fails to convene the meeting, the delegates who requested for the special general meeting shall convene the meeting.

34. NOTICE OF MEETINGS

- (a) At least thirty (30) days written notice shall be given in the case of an Annual Delegates Meeting or a Special Delegates Meeting.
- (b) The Secretary 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 newspapers or news-sheet, etc., 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 transacted.

35. SPECIAL MEETINGS

(a) Special Delegates Meeting

For a Special Delegates Meeting requested by the members/ delegates, the request must state the object of the meeting being called and be signed or thumb marked by 51% of the members/ delegates, all of whom shall be spread equitably throughout the branches. The request shall be deposited in the registered office of the Society.

36. QUORUM FOR DELEGATES MEETING

- (a) Except when convened by the Commissioner, the presence of at least two thirds of the total number of delegates, shall constitute a quorum for the conduct of business at Delegates meeting. When a quorum is not present, the Chairman shall adjourn the meeting and shall fix a date within one month for the adjourned meeting, which shall be advertised as prescribed in by-law 34.

If at such a meeting a quorum is again not present, the Chairman shall declare a meeting open with those present one-half hour after the advertised time of the meeting.

- (b) The Chairman, or in his absence, the Vice Chairman shall preside at every Delegates meeting. In their absence any member elected by a majority of those present shall preside.

37. MEMBER IDENTIFICATION

Members shall be required to provide current pay slip (up to 3 months old) or membership card or any other document acceptable to the Returning Officer as evidence of their membership before they attend or vote at a delegates/branch meetings.

38. FUNCTIONS OF ANNUAL DELEGATES MEETING

The Annual Delegates meeting shall be conducted, and shall have powers and

duties prescribed in the rules and these by-laws. The meeting shall:

- (a) Consider the minutes of the previous meeting and consider matters arising there from.
- (b) Consider the statement of account, the auditor's report, the inspection notes of the Commissioner, and the reports of the Committee on the activities of the society during the past financial year.
- (c) Subject to by-law 69, consider the disposal of the net surplus from operations of the society during the past financial year
- (d) Confirm or otherwise, actions taken by the committees, and give direction to the new committees where necessary.
- (e) Consider appeals against the expulsion of members and refusals of membership by the Board.
- (f) Elect, suspend, or remove members of the Board and the Supervisory Committee.
- (g) Fix the maximum liability which the society may incur in loans and deposits, whether from members or non-members.
- (h) Approve the estimate of expenditure for the next financial year following the Annual Delegates Meeting.
- (i) Fix the honoraria, if any, for retiring delegate or bonus to employees.
- (j) Appoint External Auditors.
- (k) Appoint Returning Officers for purposes of Supervising Elections of the Society, the District Co-operative Officer or the Provincial Co-operative Officer shall be the Returning Officers for the Branch and Annual Delegates Meeting elections respectively.
- (l) Receive and adopt reports.
- (m) Transact any other general business of the society of which notice has been given to members in the manner prescribed in these by-laws.

39. COMMENCEMENT OF NEW BOARD AND SUPERVISORY COMMITTEE

The new Board may not take office until items (a) to (m) under By-law '38' have been dealt with.

40. MINUTES

- (a) All businesses discussed or decided at the Annual Delegates Meeting shall be recorded in a minute book which, within one week of the meeting, shall be signed by the Chairman of the meeting and at least one other committee member who was present at the meeting to verify that in their opinion the minutes are 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 signature, and not as alterations to the original record the meeting shall by resolution, authorize its Chairman to sign and date the final record.

41. THE BOARD OF DIRECTORS

- (a) The Board shall be the policy making body and shall be elected by and from the Delegates and shall consist of a minimum of five and not more than nine members. All Board members shall be between the ages of 30 to 60 years. The Board shall include the Chairman, Vice Chairman, Treasurer and Secretary all of whom shall be elected by the board members. The Board shall be elected from amongst the delegates of Nairobi County branches for the effective operations of the Society affairs.
- (b) To be elected in this Board, a delegate shall meet the following minimum conditions:
 - (i) Should have minimum share capital of Kshs. 150,000 and deposits of Kshs. 1,500,000/= as at 31st December of the year preceding the ADM at which a member is seeking election as a director.
 - (ii) Should have served as a delegate for at least 6 years.
 - (iii) Should have a minimum Academic/Professional qualification at Diploma level or equivalent.
 - (iv) Should not be more than 57 years old at time of election.
- (c) The Board members shall be elected during the Annual Delegates

Meeting for a term of three (3) years, with one third (1/3) retiring annually on rotation and shall be eligible for re-election subject to the conditions stipulated in (a) above except the Chairman and the Vice Chairman who shall retire at the end of the third year but be eligible for re-election.

- (d) In case of a casual vacancy and the serving delegate does not qualify within conditions stated under (b) above, a waiver may be considered by the Annual Delegates Meeting.
- (e) Subject to election and re-election the tenure of a Board Member shall be limited to three terms of three years each.

42. BOARD MEETINGS

- (a) Meetings for the Board shall be held at least once each month and at other times as necessary. At least five members of the board shall form a quorum for the disposal of business.
- (b) If a member of the Board fails to attend three consecutive meetings without being excused by the Chairman or otherwise fails to perform his duties, his position may be declared vacant and the vacancy filled as provided in these by-laws.

43. DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board being the policy making body shall, subject to any directions from the Annual Delegates Meeting, generally direct the affairs of the society. Its procedures, powers and duties shall be as prescribed in the Rules and in particular it shall:

- (a) Observe in all activities, the Applicable laws, the Rules, these by-laws and prudent business practices.
- (b) Generally govern the Society.
- (c) Undertake timely and prudent investment decisions.
- (d) Act upon all applications for membership; ensure that true and accurate records and accounts are kept of the society's money, and its properties, capital, reserves, liabilities and income and expenses.
- (e) Decide the amount and kind of surety bond, or other security,

which shall be required of the Treasurer, Secretary and any other member or employee having the custody of, or handling funds or property of the Society.

- (f) Recommend from time to time the interest rates on loans subject to the maximum permitted by by-law 70, the maximum maturities and terms of payment or amortization of loans to members; and the maximum amounts that may be loaned with or without security to any member.
- (g) Employ and fix the remuneration of the Chief Executive Officer and such other employees as may be necessary to carry on the business of the society, motivate and reward employee in any way they deem fit.
- (h) Impose fines under by-laws 16.2 and 80.
- (i) Approve transfer of shares between members.
- (j) Recommend the interest rates which shall be paid on deposits and on borrowed money.
- (k) Supervise the collection of loans from members and authorize the write-off of bad debts.
- (l) Affiliate the Society to a National Co-operative Organization or an apex organization, subject to approval of the Annual Delegates Meeting.
- (m) Perform such other duties as the Annual Delegates Meeting may from time to time direct.
- (n) Perform or authorize any actions consistent with the Rules and these By-laws, unless specifically reserved for the Annual Delegates Meeting.
- (o) Suspend a Board member subject to ratification by Annual Delegates Meeting.
- (p) Undertake any other crucial decision prudent for the growth of the Society.
- (q) Suspend/expel a member found guilty of the offence(s) charged as empowered by by-laws 16.2 and 16.3.
- (r) handle staff and member discipline as per By-laws 10.1(g) and 16.

- (s) Approve admission/re-admission as per by-law 8.2 (b) and (c).

44. LEGAL STANDARD OF CARE

In the conduct of the affairs of this society, the members of Board shall exercise the prudence and diligence of ordinary men of business and may be held personally and individually responsible for any losses sustained through any of their acts, or failure to act, which are contrary to the Act, the Rules, the By-laws or the directions of the Annual Delegates Meeting.

45. DELEGATION TO CEO

The Board may delegate to the Chief Executive Officer such of its powers as it deems necessary provided that the Board shall be accountable for any of their act/actions which are not done in a proper businesslike manner.

46. EXPENDITURE

No expenditure shall be authorized by the Board unless it is provided for in the estimates formally approved by the Annual Delegates Meeting.

47. RECORDS OF BUSINESS

All business discussed or decided at Board meetings shall be recorded in a minute book which shall during the next meeting, to be held within one month of the meeting, be confirmed by the Committee and shall be signed by the Chairman of the meeting and at least one other committee 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. The confirmation may be subject to alternations or variations, which shall be minuted within the minutes of the subsequent meeting.

48. APPOINTMENT OF BOARD COMMITTEES

The Board may appoint committees of the Board such as Executive Committee, Finance and Credit Committee, Education and Business Development Committee, Audit and Risk Committee, Human Resource Committee and any other committee it may deem necessary. Such committees shall consist of

persons drawn from the members of the Board. The naming of the committees shall be determined by the scope and nature of business of the society.

49. DELEGATION TO BOARD COMMITTEES

The Board may delegate to its appointed committees such of its duties under these By-laws as it deems fit.

50. CESSATION OF OFFICE BY A BOARD/ SUPERVISORY MEMBER AND FILING OF A CASUAL VACANCY

A member of the Board /Supervisory shall cease to hold office arising from the following circumstances:

- i. Ceasing of Sacco membership.
- ii Death.
- iii Resignation.
- iv. Bankruptcy.
- v. Unsound mind.
- vi. Conviction to a jail term of more than 6 months.
- vii. Being in breach of Section 6 of the Constitution of Kenya.
- viii. Ceasing to be a delegate.

In the event of a casual vacancy at the Board level, the position will remain vacant until the next ADM. However, if as a result of the vacancy the Board number reduces below 5, or the Supervisory Committee number reduces below 2, a special delegates meeting will be called to fill the vacancies.

Should a delegate cease to be a member of the Board of Directors, he will also cease to be a director in any subsidiary of the Society or any apex bodies to which the Society is affiliated.

In the event a Board Member or Supervisory Committee Member ceases to be a delegate in the immediate AGM preceding the ADM they shall be allowed to

serve in the Board/Supervisory Committee until the ADM when their seat shall be declared vacant and filled.

51. EXECUTIVE OFFICERS

The Chairman, the Vice Chairman, the Treasurer and the Secretary shall be termed "Executive Officers" of the society, hereinafter referred to as Executive Committee and shall be elected at a meeting of the Board within seven days after the Annual Delegates Meeting.

52. THE CHAIRMAN

- (a) The Chairman shall preside at meetings of the delegates, and at meetings of the Board.
- (b) Prepare or cause to be prepared the agenda of the Society's meetings in consultation with Board members.
- (c) Ensure that all resolutions and directives of the Annual Delegates Meeting and those of the Board are carried out in accordance with provisions of the Act, the Rules and these By-laws.
- (d) Direct the affairs of the Society.
- (e) No person shall serve in the post of Chairman for more than 2 consecutive terms.
- (f) The Chairman of Mwalimu National Sacco shall not simultaneously be the Chairman of the Society and any subsidiary board.

53. THE VICE CHAIRMAN

- (g) The Vice Chairman shall deputize the Chairman.
- (h) He shall perform such other duties as he may be directed by the Board.
- (c) He shall be the Chairman of Education and Business Development Committee.

- (d) Shall be responsible for training and education of society members, delegates and committees.

54. THE TREASURER

The duties of the Treasurer shall be:-

- (a) To guide the financial affairs of the Society in a competent manner.
- (b) To ensure that proper record is kept of all monies received and paid out by the Society, its assets, liabilities, capital reserve and its income and expenses.
- (c) To ensure the safe keeping of the Society's money, securities and books of accounts.
- (d) To ensure that all payments and expenditures are duly authorized.
- (e) To ensure compliance with all financial directives of the Board and the Commissioner not inconsistent with the provisions of the Applicable Laws, Rules and these by-laws.

55. THE SECRETARY

The duties of the Secretary are:

- (a) To record minutes of the Board and Annual Delegates meetings.
- (b) To prepare and send notices of meetings.
- (c) To ensure that society's correspondence is promptly and correctly attended to.

56. EXECUTIVE OFFICER

The Chief Executive Officer shall attend the Society board meetings as an ex-officio member.

57. THE CHIEF EXECUTIVE OFFICER

- (a) The Board shall appoint the Chief Executive Officer who shall be responsible for the management of the Society.
- (b) The Chief Executive Officer of the Society shall exercise control over administration of the society subject to overall control of the Board. He shall be an ex-official member of all the committees.
- (c) He shall advise the Board and other committees in framing the policies and programmes of the Society and implement these after approval.
- (d) He shall supervise the work of all staff and ensure that the business of the society is conducted in a proper manner.
- (e) He shall 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 and other committees and also to the Ministry responsible for Co-operative Development and Marketing and he shall be responsible for ensuring the accuracy of that information.
- (f) He shall be responsible for the security of the funds and assets of the Society.
- (g) He shall be responsible for discipline of all staff.
- (h) He shall ensure that all statutory deductions are correctly calculated and that all amounts due and the necessary returns are submitted by the due date to relevant authorities.
- (i) He shall perform any other duties assigned by the Board from time to time.

58. FINANCIAL STATEMENT

Within 10 days after the close of each month, the Chief Executive Officer shall prepare and submit to the Board, a financial statement showing the condition of the society at the end of each month.

59. FINANCE AND CREDIT COMMITTEE

- (a) The Finance and Credit Committee shall consist of at least four members of the Board. The Finance and Credit Committee shall be elected at a

meeting of the Board within 7 days after Annual Delegates Meeting.

- (b) The Finance and Credit Committee shall as far as possible and subject to there being sufficient business for it to transact, meet once a week but shall not meet less frequently than once a month.
- (c) The Finance and Credit Committee shall inquire carefully into the character and financial conditions of each applicant for a loan and of his guarantors if any, to ascertain his ability to repay fully and promptly the obligations incurred by him, and be determined whether the loan is for a worthy purpose and will be of probable benefit to the borrower. The Finance and Credit Committee shall endeavor to assist members to solve their financial problems.
- (d) The Finance and Credit Committee shall be responsible for the administration of the loan policy.

60. EDUCATION AND BUSINESS DEVELOPMENT COMMITTEE

- (a) The Education and Business Development Committee shall consist of a minimum of 3 members of the Board. The Vice Chairman shall be its Chairman. The Education and Business Development Committee shall be elected at a meeting of the Board within 7 days of the Annual Delegates Meeting.
- (b) The Education and Business Development Committee shall as far as possible and subject to there being sufficient business for it to transact, meet once a week but shall not meet less frequently than once a month.
- (c) The Education and Business Development Committee shall be responsible for education, marketing, training and information in the Society.

61. AUDIT, RISK AND COMPLAINTS COMMITTEE:

There shall be an Audit, Risk and Compliance committee duly constituted by the Board of Directors to review the financial conditions of the society, its internal controls, performance and findings of the internal auditor and to recommend remedial actions at least once every three months. At least one of the members of the committee must be a qualified accountant.

Responsibilities of the Audit, Risk and Compliance Committee:

The Audit Committee shall consist of not more than three members appointed by the Board , one of whom shall be conversant with financial and accounting matters, Provided that the Chairman of the Board of Directors shall not be eligible to be appointed as a members of the Audit , Risk and Compliance Committee.

The Primary Responsibilities of the Audit, Risk and Compliance Committee shall include but not be limited to:

- (a) Ensuring that internal controls are established and effectively maintained to achieve the Society's financial reporting objectives.
- (b) Reviewing internal controls including the scope of the internal audit program, the internal audit findings, and recommend actions to be taken by management.
- (c) Reviewing internal audit reports and their overall effectiveness, the scope and depth of the audit coverage, reports on internal audit control and any recommendations and confirm that appropriate action has been taken.
- (d) Ensuring that accounting records and financial reports are promptly prepared to accurately reflect operations and results.
- (e) Reviewing coordination between the internal and external audit functions as well as monitor the external auditors' independence and objectivity taking into consideration relevant professional and regulatory requirements.
- (f) Recommending three names of external auditors to the Board of Directors.
- (g) Reviewing with external auditors the scope of their annual audit plan, systems of internal audit reports, assistance given by management to the

auditors and any findings and actions taken, and recommend the auditors' remuneration to the Board.

- (h) Reviewing management reports and reports from the internal and external auditors concerning deviations and weaknesses in accounting and operational controls.
- (i) Reviewing the Society's internal audit plan, with specific reference to the procedures for identifying regulatory risks and controlling their impacts on the Society, including receiving and correspondence from SASRA and the responses from management.
- (j) Monitoring the ethical conduct of the Society and considering the development of development of ethical standards and requirements, including effectiveness of procedures for handling and reporting complaints.
- (k) Reviewing any related party transactions that may arise in the Society.
- (l) Ensuring that relevant plans, policies, and control procedures are established and properly administered.
- (m) Ensuring that policies and control procedures are sufficient to safeguard against error, carelessness, conflict of interest, self-dealing and fraud.
- (n) Investigating members' complaints.
- (o) Keeping minutes of their work.
- (p) Considering any matter of significance raised at the Annual Delegates Meeting.

The Audit, Risk and Compliance Committee may delegate any of its functions to a nominee but shall ultimately bear responsibility.

62. SUPERVISORY COMMITTEE

- (a) The Supervisory Committee shall consist of three members each elected at the Annual Delegates Meeting for a period of three years and one member of the Supervisory Committee shall retire annually. The committee shall be elected from among the delegates and no member of the Board shall be elected into that committee.
- (b) To be elected to this Committee, a delegate shall meet the following minimum conditions:-
 - (i) Should have minimum share capital Kshs. 100,000 and deposits of Ksh.1,200,000/= as at 31st December of the year preceding the ADM at which a member is seeking election to the Supervisory Committee.
 - (ii) Should have served as a delegate for at least 6 years.
 - (iii) Should have a minimum Academic/Professional qualifications at Diploma level or equivalent.
 - (iv) Should be not more than 57 years old at the time of election.
- (c) One of the committee members must have accounting knowledge.
- (d) In case of a casual vacancy and the serving delegate does not qualify within conditions stated under (b) above, a waiver may be considered by the Annual Delegates meeting.
- (e) Subject to election and re-election the tenure of a Supervisory Committee Member shall be limited to three terms of three years each.

63. DUTIES OF THE SUPERVISORY COMMITTEE

- (a) The Supervisory Committee shall meet with the board, at least once every three months. The committee shall carry out investigation into all the affairs of the society, including an audit of its books, and shall make a quarterly report thereof to the board for joint discussion.
- (b) The Supervisory Committee shall, from time to time, and not less

frequently than once a year, cause the statement of account of all members to be compared with the records of the Society and a report thereon be confirmed by the Annual Delegates Meeting. The Committee shall maintain a permanent record of all such verifications.

- (c) The Supervisory Committee members are jointly and severally liable to the members for the non-performance of duties, whether resulting from the lack of supervision or negligence in noting illegal transactions and fraudulent acts.

64. BOOKS AND RECORDS

The Society shall keep up-to-date in a proper businesslike manner, such accounts and such books as the Rules and the Commissioner may from time to time direct and in particular shall keep the following books of accounts:-

- (a) A register of members showing in respect of each member:-
 - (i) The name, age, date of application for membership, address and occupation.
 - (ii) The date on which he ceased to be a member and
 - (iii) The date he was admitted to membership, and
- (b) A Minute book giving details of proceedings of Board of Directors Meetings.
- (c) A cash book showing the details of all monies received and all monies expended or paid out by the society.
- (d) A general ledger containing such accounts as is necessary to reflect properly the business of the society.
- (e) A personal ledger for each member showing his transactions with the society.
- (f) An asset (property) register.
- (g) A register of loans to members showing in respect of each loan the loan number of the borrower, the due date of repayments, and the date payments were completed.

- (h) A listing of all nominee share funds as described in 3 (xxi).
- (i) Such other books and records as the Board may decide or that the Commissioner may prescribe.

65. FINANCIAL YEAR

The financial year of the Society shall be the same as the calendar year.

66. CONDUCT OF BUSINESS

The Board may make such rules, as they deem necessary for the conduct of the society's business. Any such rules shall be recorded in the minute book and shall be posted on the society's notice board, and shall come in force when and as determined by the committee.

67. ELECTIONS

(a) Branch elections notice

Members wishing to offer themselves as candidates in the branch election shall forward their names to the Nomination Committee for vetting at least 10 days before the election date. The Returning Officer shall be an official from the Ministry or State Department in charge of Cooperative Societies.

(b) Board of Directors and Supervisory Committee Elections Notice:

Members wishing to offer themselves as candidates in the elections as Board Members or Supervisory Committee Members shall be required to forward their names to the Society's Nominations Committee, for subsequent clearance by the returning officer in accordance with these By-Laws at least 10 days before the election date.

The returning officer shall be an official from the Ministry or State Department in charge of Cooperative Societies.

- (c) At every meeting where elections are to be held, members or delegates will decide by majority vote on the method of voting either by show of hands or

secret ballot or the use of technology. No member shall be entitled to vote by proxy.

- (d) Irrespective of the number of shares held by him, no member shall have more than one vote.
- (e) Within 10 days of the election, the names and addresses of all persons elected to the Board and Supervisory Committee shall be forwarded to the Regulator and to the Commissioner.

(f) Vetting and Nomination Committee

Vetting may be carried out using an automated system. However, if there is technology challenge the vetting will be done by the Vetting and Nomination Committee established below.

There shall be a Vetting and nominations committee which shall comprise of three (3) members as follows: i) a representative from ICPAK ii) the Cooperative Officer in charge of the Sacco iii) The Chief Executive officer who will be the Secretary.

The vetting and nominations committee shall be responsible for verifying, vetting and clearing candidates for positions of Delegates, Supervisory Committee and Board of Directors for elections.

The committee's powers and responsibilities shall include:

- 1 To receive nomination applications from all prospective candidates together with all the required supporting documents in the prescribed format.
- 2 To ensure that the candidates are in compliance with the requirements for the positions so vied for as stipulated in the Society Bylaws and any other relevant laws.
- 3 To cause to be produced any other information or document that may be required to facilitate the process.
- 4 Compile a report on the nomination process to the Board.
- 5 Issue nomination certificates to candidates who meet the set qualification in the prescribed format on or before 3 days to the elections.

A candidate may in writing appeal the outcome of the vetting. The appeal must reach the CEO within 24 hours of communication of the Vetting and Nomination Committee's decision.

Once vetting has been undertaken a candidate shall not be allowed to rectify any wrongs to make them eligible to vie.

- (g) If during any election there is a tie, the candidate with the highest deposits as at 31st of December of the preceding year shall be winner of the said election and hence break the tie.
- (h) Election Disputes
A candidate may in writing appeal the outcome of the election. The appeal shall be channeled to the Returning Officer within 72 working hours after the announcement of results in writing failure to which such disputes will lapse. The appellant shall provide evidence in support of such an appeal.
- (i) All such appeals shall be resolved within ten (10) working days of receipt and resolutions communicated in writing to all parties.

68. AUTHORITY TO SIGN DOCUMENTS

Unless decided otherwise by the Board, all documents, contracts and cheques shall be signed on behalf of the Society by any three of the following:-

Chairman, Vice Chairman, Secretary, Treasurer and Chief Executive Officer shall be a counter signatory.

69. DISPOSAL OF SURPLUS

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

- (a) A percentage not less than the prescribed rate by the Act shall be credited to the reserve fund.
- (b) The balance may be disposed of as decided by the Annual Delegates Meeting, for:
 - (i) Paying a dividend on shares at a rate to be recommended by the Board for approval by the Annual Delegates Meeting.
 - (ii) Paying interest on members deposits on record at the close of the financial year.
 - (i) Being carried forward to an Education Fund or any other fund or funds of the society, including the appropriations account.

- (iv) After making the required allocation to the Reserve Fund, applying an amount not exceeding 10% of the remaining net balance to any charitable purpose.
- (v) Paying a gratuity or honoraria to retiring officer or bonuses to employees.

70. LOANS TO MEMBERS

All loans shall be approved by the Finance and Credit Committee on behalf of the Board and shall be restricted to the members. However, the Board may delegate this function to Chief Executive officer in accordance with by-law no. 45.

71. INTEREST RATES AND TARIFFS

The interest rates and other tariffs on all Society services shall be determined from time to time by the Board.

72. APPLICATION FOR LOANS

All loans shall be applied for on forms provided by the Society for the purpose. The loan application in each case shall set forth the amount applied for the purpose for which the loan is desired, the terms of repayment, the security if any, and such other information as the Finance and Credit Committee may require. All loan application forms shall be filed and retained for as long as it is necessary to the society but to a minimum of seven years.

73. LOAN GRANTING

- (a) Loan applications shall be considered by the Finance and Credit Committee in accordance with the loan policy in force and in the order in which applications are made, unless the loan is/are deemed by the Chief Executive Officer to be an "emergency loan". Whenever funds are insufficient, preference shall be given in all cases to applicants for small loans, if the need and credit standing of the applicants are nearly equal.
- (b) The Finance and Credit Committee may require an applicant to appear before it personally to be interviewed in respect of his application for loan.
- (c) The loan application form shall clearly state the amount of

the loan, the rate of interest, the terms of repayment and the security required, if any.

- (d) No loan shall be made to any member in excess of 5% of the society's total share capital / deposits and reserves. The maximum repayment period shall be determined by the Board from time to time.
- (e) Loans may be granted to Board members, Supervisory Committee members and employees of the society who are members if:-
 - (i) The loan is in accordance with the by-laws and is not on terms more favorable than those extended to other borrowers.
 - (ii) The loan is approved by the Credit Committee, and thereafter by the Board.
 - (iii) The applicant takes no part in the consideration of his application and does not attend the meeting of the Credit/Board at which his application is considered.
- (f) The minimum waiting period for a new member to qualify for a loan shall be determined as per the loan policy in force

74. SECURITY FOR LOANS

- (a) The Board shall demand for such security for loans as it may consider necessary. The deposits of a member shall be taken as security.
- (b) The Board shall not accept as guarantor, a member who himself has taken a loan and has already guaranteed the maximum number of loans determined as per loan policy in force.
- (c) No member of the Board or Supervisory Committee shall act as endorser, guarantor, or co-maker for borrowers from the Society.
- (d) The loanee or guarantor may apply to the Board for a change of guarantors.

75. REPAYMENT OF LOANS

A loanee may, on any day in which the society is open for business, repay his

loan in whole or in part prior to maturity.

76. RE-FINANCING

The re-financing of a loan balance, or any request for an extension of time in which to pay, shall be agreed by the Board only in the most exceptional circumstances. An extension so granted shall be treated as though it was a new loan, and an extension agreement shall be executed and signed.

77. DEFAULTED LOANS

At least once every month at a regular meeting of the Board shall have as a standing agenda performing and non-performing loans.

The Board shall recommend the appropriate action to collect the overdue accounts.

The Board shall thereupon take action to collect the overdue accounts by attaching guarantors or realizing the security provided by the member.

78. CASH RESERVE

Except as otherwise authorized by the Annual Delegates Meeting, a cash reserve be maintained as stipulated in the Act for other specific purpose of meeting requests for share withdrawals and other emergency pay-outs. The cash reserve may consist of cash in hand, the current account, the society's savings account, and any fixed deposits

79. COMMON SEAL

The Society shall maintain and use a common seal. The seal shall bear the words: "MWALIMU NATIONAL SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED", and shall be different from ordinary name stamp and shall be kept securely under lock and key by the Chief Executive Officer and shall be used only by, and in the presence of, the officer authorized to sign documents on behalf of the society.

80. FINE FOR BREACH OF BY-LAWS

For any breach of these by-laws, or instruction issued by the Board, or for

failure of a member to pay his obligations on time due to over-committing of the member's salary after taking Mwalimu Sacco loan, the defaulting member may be fined an amount not exceeding KSh.20,000/=.

81. INDEMNITY TO A CO-OPERATIVE SOCIETY

In the conduct of affairs of Mwalimu Sacco Society, the members of the Board, Supervisory Committee, delegates and the ex-officio members 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 Rules and these By-laws or the directions of the Delegates meetings.

And in pursuance to the Applicable Laws, Rules and regulations and these by-laws, and in the event of any losses, the Board, Supervisory Committee member, delegate and ex-officio members shall indemnify the Society to the tune of Kshs.5,000,000, Kshs.4,000,000, Kshs,200,000 and Kshs.5,000,000 respectively.

82. DISPUTES

Any dispute arising out of the by-laws or concerning the business of the Society shall be referred to the Co-operative Tribunal established under the Act or such other relevant and applicable dispute resolution mechanism. Appeals from such dispute resolution mechanisms shall be made to the High Court.

83. MISCELLANEOUS

No Board member, Supervisory Committee member or Delegate shall receive from the Society any payment except for sitting, travelling and subsistence allowances while working on the Society's business or an honorarium from the net surplus as allowed by the by-laws or any other payments as approved by the Annual Delegates Meeting.

84. CONFIDENTIALITY OATH AND CODE OF ETHICS

84.1 CONFIDENTIALITY OATH

- (a) The Board, Supervisory Committee, the Chief Executive Officer and all employees shall hold in strictest confidence all transactions of the Society with its members.

- (b) In cases 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, Supervisory Committee member, or employee shall in any manner participate in deliberations affecting his financial or personal interest. Any such interested person shall disclose his interest. In the event of disqualification of any such Board, Supervisory Committee or employee, he shall withdraw from such deliberation or determination and the remaining qualified board members present at the meeting, if constituting a quorum without the disqualified person, may exercise with respect to the matter, all the powers of the Board.

84.2 CODE OF CONDUCT AND ETHICS

The Board, Supervisory Committee, staff and all Society members in general shall observe and subscribe to the Co-operative Societies Code of Conduct and Ethics as established under the Public Officers Ethics Act (No. 4 of 2003).

The Board and Management shall also adhere to the Code of Conduct proscribed in the Sacco Societies Act No. 14 of 2008.

85. INSPECTION OF DOCUMENTS

- (a) All books of accounts and other records shall at all times be available to all board members of the society, and to the commissioner or his authorized representative.
- (b) A copy of the Co-operative Societies Act, the Sacco Societies Act, the Cooperative Societies Rules, the society's registration certificate or copy thereof, these by-laws, and a list of members excluding details of nominees and shareholdings or loans shall be available for inspection by any member.
- (c) Creditors may inspect the register of charges without a fee.

86. BY-LAWS

A copy of the by-laws shall be furnished to any member on request upon

payment of a fee not exceeding its actual cost to the Society.

86.1 Any amendment of these by-laws shall be made by a resolution of the delegates at an Annual Delegates Meeting or Special Delegates Meeting in respect of which at fifteen clear days' notice of the proposed amendment shall have been given to the delegates.

86.2 The amendment may come from:

86.3 The Board of Mwalimu National Savings & Credit Co-operative Society Limited.

86.3.1 Proposals for amendment of these by-laws passed by resolution at a General Meeting of any of the branches of the Society must reach the office of the CEO twenty-one (21) complete days before the date of the Annual Delegates Meeting. Such proposals shall be accompanied by the minutes of the general meeting of the branch. The Board shall evaluate the validity of the proposal before giving such amendment to the delegates as required in by law 86.1.

86.4 A resolution of a simple majority shall be required for the amendment of Society by-laws.

87. DISSOLUTION

(a) The Society may be dissolved in accordance with the procedures set forth in Co-operative Societies Act CAP 490 (Revised 2005).

(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 savings account at the date of the liquidation.


88. ACCEPTANCE

We, the undersigned office bearers of Mwalimu National Deposit Taking Savings and Credit Cooperative Society Limited named herein do hereby accept and adopt these by-laws for and on behalf of the society together with any changes or alterations that have been initialed or signed by us.

Chairman 

Vice Chairman 

Treasurer 

Secretary 

CERTIFIED that the foregoing by-laws of the Mwalimu National Savings and Credit Cooperative Society Limited have been approved by me and duly registered.

Given under my hand at Nairobi this ^{30TH} day of ^{NOV} Two Thousand and Twenty-Three.

DAVID K. OBONYO

COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

