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## **BY-LAWS (2005 Edition)**

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

The Society shall be called **ENERGY Co-operative Savings and Credit Society** Limited hereinafter referred to in these By-laws as the "SACCO"; and its area of operation shall be **Republic of Kenya**.

### **2. REGISTERED/POSTAL ADDRESS**

*The registered office of the society shall be at Nyayo House and its postal address shall be: P.O. Box 10585 (00100) GPO-Nairobi, Telephone: 020-216970*

Notice of any change of address of the society shall be given to the Commissioner of Co-operative Societies (hereinafter referred to as ("Commissioner")) and to all the members of the SACCO through their last known address, *within 30 days of such change*.

### **3. DEFINITIONS /INTERPRETATIONS**

- a. In these By-laws, unless the context otherwise suggests, words or phrases shall be defined/ interpreted in accordance with the Co-operative Societies Act, currently in force and the Co-operative Societies Rules made there under; hereinafter referred to as "the Act" and "the Rules" **respectively**
- b. "Commissioner" means Commissioner of Co-operative Development.
- c. "SACCO" means Savings and Credit Co-operative Society.
- d. "Member of the immediate family" means spouses, parents, children of the member or the person eligible to be a member of a society
- e. "The Act" means the Co-operative Societies Act 2004.
- f. "The Rules" means the Co-operative Societies Rules.
- g. "Minor member" means a member admitted but who is below 18 years of age
- h. "Tribunal" means Co-operative Tribunal established under the Act.
- i. Where the masculine is applied in the by-laws, it shall read to include feminine gender

Any questions concerning interpretation of these By-laws or any matters not provided for therein, errors and omissions, shall be referred to the Co-operative Tribunal whose decision thereon shall be final and conclusive.

#### **4. OBJECTS**

The objects of (for which) the Society (is established) are:

- a. To promote thrift among its members by affording them an opportunity for accumulating their savings and to create thereby a source of funds from which loans can be made available to them exclusively for provident and productive purposes, at a fair and reasonable rate of interest; (thereby enabling them to use and control their money for their mutual benefit).
- b. Provide an opportunity for each of its members by affording them an opportunity for accumulating their savings and deposits and to create thereby a source of funds from which loans can be made available to them for purposes of providence or production or both at a fair and reasonable rate of interest
- c. Offer members complimentary savings and credit services and other financial products such as front office service or withdrawable savings/deposits accounts as may be required by members from time to time.
- d. Ensure safety and soundness of the members' funds through risk management programme or any other appropriate insurance scheme.
- e. Ensure progress of its members by educating them continuously on proper use of credit.
- f. Perform all those functions and exercise those powers designated for Savings and Credit Co-operative Societies under the applicable law for the benefit of members.
- g. Co-operate with many other Co-operatives in order to promote members' interest and in furtherance of this object, the Society may affiliate to National Co-operative Organizations and other relevant organizations and institutions.
- h. Perform within the relevant law (The Act, the Rules) and these By-laws, all those acts, deeds and things necessary to further enhance, promote or encourage any or all foregoing purposes and objects that such acts, deeds and things are approved by the Annual General Meeting.

(For the attainment of the above objects, the society may do all acts and things that are permissible under the act, the Rules, and these By-laws).

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

In the conduct of its business, the Society shall be guided by the International Co-operative Principles. These Co-operative Principles are:

- 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

## 6. MEMBERSHIP ELIGIBILITY

A person of either sex shall be eligible for membership of the Society who possesses the following qualifications:

- a. Is an employee of Ministries of Energy, other Government ministry and related institutions.
- b. Is not less than 18 years of age.
- c. Is of good character.
- d. Is not a member of another Society having similar objectives.
- e. Is an employee of the Society or related investment of the Society.
- f. Is a member of the immediate family of the primary member.
- g. Former employee of (a), (e) and wish to continue with membership.

## 7. MEMBERSHIP COMPOSITION

The members of the Society shall consist of:

- a. Original members who signed the application for registration, and
- b. New members subsequently admitted in accordance with these By-laws
- c. Members admitted in accordance with these By-laws and whose names are entered in the register of members.

## 8. APPLICATION FOR MEMBERSHIP

*Every applicant for membership shall complete an "Application for membership" form. (This form is drawn so as to show all the information required for the purpose of a register of members. The completed form, when filed in serial order, shall constitute the Register of members as required under the Rules).*

## 9. ADMISSION INTO MEMBERSHIP

An applicant shall be admitted to membership on being accepted by the **majority vote of the management** committee (and confirmed by subsequent annual general meeting) but shall not qualify for the rights and privileges of membership until s(he) has paid an entrance fee of Ksh.300 and paid in full for at least 50 shares of Ksh. 20. On being admitted, the member shall furnish the Society with 2 passport size photos and a copy of the national identity card.

The application form, when filled serially shall constitute the register of members as required by the Act.

## **10. MEMBER NUMBER**

Upon admission, the Manager/Secretary shall cause the name and relevant particulars of the member to be entered in the register of members.

A membership number shall be assigned to every member for the purpose of identifying his account with the Society.

## **11. REFUSAL OF MEMBERSHIP**

The *Management* committee may refuse membership to any person and give him/her reasons for refusal in writing provided *however* that, the person whose membership has been refused, if otherwise eligible for membership, shall have the right to appeal to the *General Meeting of the society* (SACCO's Annual General Meeting). Any such appeal must be supported by at least 10 members and upon payment of a fee of Ksh. 1000 the decision of the General meeting on the matter shall be final.

## **12. RIGHTS OF MEMBERS**

Members shall enjoy the following rights:

- i. Elect and be elected to the organs of the society subject to its By-laws
- ii. Enjoy the use of facilities and services of the society subject to the By-laws
- iii. Receive periodically and regularly or upon request and at least quarterly, a statement of account in respect of his/her transactions with the society
- iv. Access all legitimate information relating to the society including: internal regulations, registers, minutes of General 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.

## **13. MEMBERS OBLIGATIONS**

A member of the society shall have the following obligations to:

- i. Observe and comply with all the society's By-laws and decisions taken by the organs of the society in accordance with the By-laws
- ii. Buy and pay up for shares or make any other payment as provided for

- in the By-laws of the society
- iii. Pay for the debts of the society at the time of liquidation where the assets are insufficient to meet the liabilities
  - iv. Support projects of the society approved by the relevant authority

#### **14. MEMBERS PERSONAL ACCOUNT**

Every member shall receive a “member’s statement” which shall contain details as to his/her membership and in which shall be recorded his/her shares, deposits and loan transactions with the society. The latest member’s statement signed by an authorized officer shall constitute a certificate of shareholding unless proved otherwise. The statement of account shall be sent to every member not less than once every four months.

#### **15. NOMINEES**

- i. Every member of the society may appoint his/her nominee(s) to whom upon his/her death the shares, deposits and other interests in the society shall be transferred
- ii. Every appointment of a nominee(s) by a member shall be made in writing and signed by the member in the presence of two or more competent witnesses.
- iii. Where more than one nominee is appointed by a member, the member shall specify the amount of shares to be transferred to each nominee. Provided however, that where no amount is specified, each of the nominees shall receive an equal share
- iv. A member desirous of changing his nominee(s), may do so at any time, provided that such change or alteration is in writing and signed by the member in the presence of two competent witnesses
- v. The particulars of the nominee(s) shall be recorded and kept in a sealed envelope to be kept in the custody of the manager and whose reference shall be entered in the register of members

#### **16. PAYMENT OF UNADMITTED NOMINEE**

Where not admitted to membership, the nominee shall be paid the value of the deceased member’s deposits and other interest less any sums due to the society within 60 days and receipt of official notice of death of the member.

#### **17. CESSATION OF MEMBERSHIP**

Membership in the society may terminate on a member:

- i. Dying.
- ii. Becoming certifiably insane.
- iii. Being expelled.
- iv. Withdrawing from membership.
- v. Ceasing to hold the qualification in section 14 of the Act and these by-laws.
- vi. Being suspended by the committee and subsequently being expelled by a resolution of a General meeting of the society.
- vii. (Wilfully fails to contribute his/her savings and loan repayment for a period of 3 months).

## **18. VOLUNTARY WITHDRAWAL**

- i. A member with no liability or outstanding obligation in respect of other members' 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
- ii. A member withdrawing from membership of the society shall give 60 days written notice of intention to withdraw
- iii. A member who wilfully withdraws from the society shall on re-joining pay a rejoining fee not exceeding Ksh. 300.

## **19. SUSPENSION FROM MEMBERSHIP**

The Management committee may suspend a member pending expulsion by a General meeting who:

- i. Wilfully fails or refuses to comply with the society's By-laws.
- ii. Wilfully defaults in repayment of his loans.
- iii. Is convicted of a criminal offence involving dishonesty.
- iv. Acts in any way detrimental or prejudicial to the interest of the society.
- v. For any other reason approved by a General meeting and/or as may be contained in the code of ethics of the society.

## **20. SUSPENSION AND EXPULSION PROCEDURE**

- a. Upon formal written announcement that a member has committed an offence punishable by expulsion, the committee shall give a written notice to the member stating the offence he/she is alleged to have committed and giving the member 15 days to prepare his/her defence.
- b. Upon expiry of 15 days, the committee shall initiate an administrative inquiry and make a decision on the findings.

- c. Based on the findings, the committee may suspend the member pending expulsion by a General meeting of the society.
- d. The member shall give notice and grounds of appeal with the Secretary not less than 15 days before the date of the General meeting.
- e. Upon hearing the appeal, the General Meeting may:
  - i. Reinstatement the member.
  - ii. Confirm the suspension and subsequently expel the member.
  - iii. Impose such a fine as it may deem fit.
  - iv. Take any other lawful action.

## **21. SOCIETY FUNDS**

The funds of the Society shall consist of:-

- a. Entrance fee of Ksh.300.00.
- b. An unlimited number of shares to the value of Ksh.20.00 each, and part shares;
- c. Deposits or loans from members or non-members.
- d. Such reserve funds as may be kept by the SACCO.
- e. Any surplus resulting from operations of the SACCO.
- g. Any donations, grants, gifts from other bodies, organisations and individuals.
- h. Deposits Protection Fund.
- i. Funds obtained from other miscellaneous sources.

## **22. REFUNDS**

- a. Withdrawal, expulsion or termination of membership shall not exonerate a member from existing personal or membership liability
- b. A member who withdraws or is otherwise expelled from the society shall be repaid the following amounts after deduction of any debts owed by him/her to the society as a borrower, endorser, guarantor or otherwise:
  - i. The nominal or book value of his shares, whichever is less.
  - ii. Any dividend or interest due to him on the date membership ceased
  - iii. Any deposits or other sums held by the society on his behalf.

## **23. APPLICATION OF SOCIETY FUNDS**

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

approved by the General Meeting.

#### **24. WITHDRAWABLE SHARES**

- a. The nominal value of each share shall be 20 and every member shall hold at least 25 shares in the society, but no member shall hold more than one fifth of the total shares of the Sacco.
- b. Any amount may be accepted towards the purchase of shares, provided, however, that the Management Committee may fix a minimum amount that may be paid in by a member at any one time.
- c. With the approval of the Management Committee, a member may at any time transfer his shares to another member (at a fee of Ksh. 1000.00).
- d. All transfers of shares must be registered with the Secretary, and no transfers shall be valid unless so registered. The Committee shall require payment of a fee of Ksh. 200.00 for such transfer. The transfer fee shall be paid by the transferee

#### **25. POWER TO BORROW**

- a. Loans may be obtained from members and non-members, subject to the maximum amount and terms approved by the General Meeting.
- b. For the necessary securing of any loans accepted by the society under paragraph (a) of this By-law, the society may grant a charge over its assets. The authority to grant a charge shall be reserved to the General meeting subject to approval by the commissioner
  - c. The rate of interest on deposits, or loans, shall not exceed the current market rates or as may be determined by the Management Committee from time to time and approved by the General meeting.

#### **26. LIABILITY**

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

## **27. RESERVE FUND**

The society shall maintain a statutory reserve fund as required by the Act and Rules which shall be invested in the manner specified in these By-laws and may be applied as set out in the Rules. Unless otherwise resolved by the General meeting, and approved by the Commissioner, the Reserve fund shall be credited with not less than 20 % of the net surplus of each financial year. It shall also be credited with entrance fees, except the amount taken from such fees to pay initial expenses within 2 calendar years following the year in which the society was registered and with recoveries of loans and other losses previously charged against the Reserve Fund.

## **28. GENERAL MEETING**

The supreme authority shall be vested in the General meetings of members. Such meetings shall be held as follows:-

- a. The Annual General Meeting shall be held within four months after expiry of the financial year, present the audited accounts and undertake such business as is laid down in these By-laws.
- b. Any business not completed at the Annual General Meeting may be taken up at a subsequent special general meeting, or at the next annual general meeting.
- c. Special General meetings shall be held: -
  - i. When convened by the management committee, the Commissioner or his representative.
  - ii. Within 14 clear days of receipt of a written request from at least 50 members or one quarter of the members, whichever is less.
  - iii. For a special General meeting requested by the members, the request must state the Agenda of the meeting being called and signed by the requesting members.

## **29. NOTICE**

Except when convened by the Commissioner or his representative, at least 15 clear days notice shall be given in the case of an annual general meeting or special general meeting. The Secretary shall take possible and usual steps such as announcement at public meetings, posting a notice on the society's notice board, an advertisement in the local newspaper(s) to inform all members of the date and main business of the meeting. All written notices shall include a statement of the business to be dealt with.

### **30. QUORUM**

Except when convened by the Commissioner or his representative, the presence of at least (25) Members or 25 percent of the total number of members, whichever is less, shall constitute a quorum for the conduct of business at a general meeting. When a quorum is not present, the Chairperson shall adjourn the meeting and shall fix a date within one month of the adjourned meeting, which shall be advertised as prescribed in these By-laws. If at such a meeting, a quorum is again not present, the chairperson shall declare the meeting open with those present, thirty minutes after the advertised time of the meeting.

### **31. IDENTIFICATION**

Before they may attend or vote at a General Meeting, each member shall be required to produce membership identification card or identify themselves in some other acceptable manner.

### **32. POWERS OF THE GENERAL MEETING.**

General meetings shall have powers and duties prescribed in the Act, Rules and these By-laws. Specifically the Meetings shall: -

- a. Confirm the minutes of the previous meeting;
- b. Consider the statement of accounts, the auditor's report, the inspection notes of the Commissioner, and the reports of the committees on the activities of the society, during the past financial year.
- c. Consider and decide upon the maximum borrowing power of the society
- d. Elect officers for the ensuing year
- e. Approve the estimates of income and expenditure for the ensuing financial year
- f. Confirm or otherwise, the action taken by the committee and give direction to the new committee where necessary;
- g. Consider appeals against the expulsion of members and refusals of membership by the Management Committee.
- h. Subject to these By-laws decide the disposal of the net surplus resulting from operations of the society during the past financial year
- i. Elect, suspend, or remove members of the Management and Supervisory Committee.
- j. Fix the honoraria, if any, for the Management and Supervisory Committee.
- k. Consider bonuses for the employees if recommended by the Management

### Committee

- l. Elect delegates to represent the society in the Co-operative union or apex bodies for which the society is a member
- m. Transact any other general business of the SACCO of which notice has been given to members in the manner prescribed in these by-laws.
- n. Fix the amount of indemnity.

### **33. MANAGEMENT COMMITTEE**

The Management Committee shall be elected by and from the membership and shall consist of a minimum of 5 and not more than the maximum permitted by the Act, the exact number to be determined by a General meeting.

### **34. ELIGIBILITY FOR ELECTION INTO THE COMMITTEE**

- a. No member shall be eligible for election into the committee unless he has been a member of the society for at least 2 (two) consecutive years.
- b. No person shall be eligible to be elected into the committee if he/she:-
  - i. is delinquent in loan repayment and share contribution
  - ii. Is below 20 years of age
  - iii. is of unsound mind
  - iv. is unable to provide indemnity as determined by the General meeting
  - v. Does not hold withdrawable shares of at least Ksh. 4,200.00 contributed through monthly contribution
  - vi. is not able to read and write
  - vii. Does not meet other qualifications set by the Act and Rules
- c. The Management Committee of the society shall be elected for a term of 3 years and no member of shall be elected for more than two consecutive terms.

**35. a.** Meetings of the committee shall be held regularly at least once every month and at other times when necessary. At least one half of the total number of members of the committee shall form quorum for the disposal of business.

- b. If a member of the committee fails to attend three consecutive meetings without being excused there from or otherwise fails to perform his duties, his position may be declared vacant and the vacancy filled as provided in these By-laws.

**36.** The Management Committee shall be the governing authority and subject to any directions from a General meeting, it shall 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 its transactions the Act, the rules, these By-laws and prudent business practices;
- b. Generally manage the affairs of the society;
- c. Act upon all applications for membership;
- d. 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 officer or employee having the custody or handling funds or property of the society
- f. Determine from time to time the interest rates on loans, the maximum maturities and terms of payment or amortisation of loan to members; and the maximum amounts that may be loaned with or without security to any member. When, by action of the committee, the interest rates on future loans are reduced, similar action may be taken with regard to interest rates on unpaid balances of existing loans;
- g. Lay before the General meeting a balance sheet and final account together with proposals for the disposal of the net surplus if any and the Commissioner's comments on such proposals.
- h. Recommend to the General meeting the dividend rate to be paid on shares and the interest refund (if any) to be paid to borrowers;
- i. Inform the Commissioner immediately of any alternative proposals of the General Meeting for disposing of the surplus and ask his comments
- j. Prepare and lay before the General meeting for adoption, the estimate of expenditure for the financial year next following the General meeting and incomes to be earned by the society sufficient to cover all Liabilities and obligations both outstanding and anticipated for the year next following the General meeting. The society will in particular, provide adequate budget for education and training of members, committee and staff.)
- k. Fill vacancies occurring in the Management Committee between General meetings;
- l. Authorise investments of the society;
- m. Authorise the conveyance of property;
- n. Authorise borrowing and lending operations of the society in accordance with the Act and Rules
- o. Designate a depository, or depositories, for the funds of the society;
- p. Employ, (dismiss) and fix the compensation of the Manager and such other employees as may be necessary to carry on the business of the society;
- q. Impose fines under by-law 87 (of the act)
- r. Approve transfers of shares. Fix interest rates, which shall be paid, on

- deposits and on borrowed money;
- s. Supervise the collection of loans to members and authorise the write off of unrecoverable accounts;
- t. Affiliate the Society to a Co-operative Union of savings and credit societies, or the Kenya National Federation of Co-operatives and any other national cooperative organisation subject to approval of the general meeting;
- u. Perform or authorise any actions consistent with the Act, Rules and these By-laws (unless specifically reserved for the General meeting); and
- v. Perform such other duties as the members may from time to time direct.

### **37. LEGAL STANDARD OF CARE**

In the conduct of the affairs of the society, the members of the committee 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 omissions which are contrary to the Act, Rules and the by-laws of the Society or the directions of any General Meeting. The Management Committee may delegate to an officer or employee of the society such of its powers, as it deems necessary.

### **38. EXECUTIVE OFFICERS**

The Chairman, Vice-chairman, Treasurer and Secretary shall be termed the "Executive Officers". The Executive Officers shall be elected at a meeting of the Management committee within 7 days after each General Meeting, in accordance with these by laws (By-law 39).

### **39. CHAIRMAN AND VICE CHAIRMAN**

- a. The Chairman shall preside at all meetings of the society and shall perform such other functions as he/she may be directed by the Management, not inconsistent with the Act, Rules and these by-laws.
- b. The Vice Chairman shall perform the duties of the Chairman during his/her absence and shall perform such other duties as the Management Committee may direct.

**40.** No expenditure shall be authorised by the Management committee unless it is provided for in the estimates formally approved by the General meeting.

**41.** All business discussed at the Committee meetings shall be recorded in a minute book which, within one week of the meeting shall be signed by the

chairperson of the meeting, the secretary and at least one other committee member who was present at the meeting to certify that, in their opinion, the minutes are a true and complete record of all important matters which were discussed or decided at the meeting. At the next meeting, after approving any alterations or variations, which shall be written immediately below the above signatures, and not as alterations to then original record, the meeting shall authorise its chairperson to sign and date the final record.

**42.** The Management Committee may appoint sub-committees, such as Education committee, Budget Committee, staff Committee, Investments Committee and Credit committee etc.

**43.** A member of Management or Supervisory Committee shall cease to hold office if he ceases to be a member of the society.

#### **44. TREASURER**

The powers and duties of the Treasurer shall be: -

- a. Generally manage, or cause to be managed, the affairs of the society in a competent manner
  - b. To maintain full and complete records of all assets, liabilities, income and expenses of the society;
  - c. To ensure the safe keeping of the society's money securities, and books of account;
  - d. To ensure that all payments and expenditures are duly authorised; and
  - e. To ensure compliance with all directives of the Management Committee and the Commissioner
  - f. Safe custody of the common seal of the society.
- 45.** Within 15 days after the close of each month, the Treasurer shall cause to be prepared and submit to the Management Committee a financial statement showing the condition of the society's finances at the end of such month; and shall promptly post a copy of such monthly financial statement in a conspicuous place at the registered office of the society or usual place of business for the information of the members. He shall prepare and forward to the Commissioner such financial reports as he may require.

#### **46. SECRETARY**

The duties of the Secretary are: -

- a. To record or cause to be recorded the minutes of the Management Committee and General meetings;

- b. To ensure that society's correspondence is promptly and correctly attended to;
- c. To prepare and send notices of meetings; and
- d. Keep or cause to be kept the Minute book

#### **47. CREDIT COMMITTEE**

The credit committee shall consist of three members of the Management Committee, none of them of whom shall be Executive officers. The credit Committee shall be chosen at a meeting of the Management Committee within 7 days after each General Meeting and for a term of year.

**48.** The credit committee shall hold such meetings as the business of the society may demand, but not less frequently than once a month.

**49.** The credit committee shall inquire carefully into the character and financial conditions of each applicant for a loan, and of his/her guarantors, if any, to ascertain the ability to repay fully and promptly the obligations incurred by him, and to determine whether the loan is for a worthy purpose and will be of probable benefit to the borrower. The credit committee shall endeavour diligently to assist members to solve their financial problems.

**50.** The credit committee shall make such reports to the Management Committee as they may require.

#### **51. THE MANAGER**

The Manager shall be the chief Executive of the Society. His powers and duties shall be assigned by the Management Committee and in particular:

- a. To manage the affairs of the society in a competent and professional manner;
- b. To cause to be kept proper books of records and registers
- c. To attend Management Committee meetings and the Annual General Meeting in an advisory capacity but will no voting rights
- d. To prepare and analyse on a quarterly basis the society's business plan and budget
- e. To represent the society in business transactions and any other transactions authorized by the Management Committee;
- f. To provide information required by the Supervisory Committee in time;
- g. To propose to the Management Committee of new positions arising at the society, and the revision of the salary schedule for all the society's staff
- h. To implement recommendations set forth in the audit reports and those issued by the Supervisory Committee;
- i. To ensure on a monthly basis the accounting records are in balance and

- individual accounts subsidiaries are up-to-date and the income statement, balance sheet and delinquency lists are complete and correct. Ensure that the account records are maintained in accordance with internationally accepted accounting principles;
- j. To ensure that adequate insurance is in place if available for all employees, officials, and property of the society
  - k. To direct and supervise the administration and processing of loan applications
  - l. To establish a pricing strategy for products and services, in which the interest rates structure will seek a balance between the loans available to the members, and the long-term viability of society. For this purpose, the Manager should register:
    - i. Costs, particularly those related to the member savings, dividends, the allowances for loan loss and operating expenses
    - ii. The need for a strong capital position, which is essential for the Society's long-term viability and future growth
    - iii. The competition's pricing structure, given the competitive nature of the financial market
  - m. To assist the Management Committee in determining acceptable types of collateral that can be used to secure the society's loans
  - n. To ensure there is adequate liquidity to meet loan demands, savings withdrawals and operating expenses
  - o. To ensure drawing up and updating a job description of each employee
  - p. To ensure that he/she must be a member of the society
  - q. To ensure implementation without delay of all decisions of all committees of the society and the General meetings
  - r. To carry out such other duties as described in the rules or directed by the Management Committee.

## **52. SUPERVISORY COMMITTEE**

The Supervisory Committee shall be elected by and from membership and shall consist of three members. No member who seeks to be elected into Management Committee shall be eligible for election into Supervisory Committee during the same meeting. The Members of the Supervisory Committee shall hold office for 3 years with 1/3 retiring each year.

The Supervisory Committee shall hold quarterly meetings with the Management Committee.

## **53. THE DUTIES OF SUPERVISORY COMMITTEE**

The supervisory Committee shall carry out the following duties:

- a. To confirm cash regularly and reconcile it with the records;

- b. Check out bank accounts monthly and their reconciliation
- c. Make members personal accounts audits
- d. Check delinquent loans among the Committee and members and ensure appropriate action is taken
- e. Verify Society investments
- f. Check loan applications and note anomalies
- g. Check balance sheets and income and expenditure statements to ensure their accuracy
- h. Ensure the books of accounts are kept in accordance with the generally accepted accounting standards
- i. Make regular reviews of budget
- j. Attend to members complaints
- k. Prepare and present reports to the Management Committee and General Meeting
- l. Co-operate with the Management Committee in seeking solutions to society's problems
- m. Carry out other duties as prescribed in the rules

#### **54. LIABILITIES OF THE SUPERVISORY COMMITTEE**

- a. The Members of the Supervisory Committee shall meet the same qualifications as for members of the Management Committee
- b. In addition, at least one member of the committee shall have basic book-keeping, accounting, and auditing or financial management knowledge. Where no such person is elected, those elected may be taken for basic accounting training

#### **55. BOOKS AND RECORDS**

The society shall keep up-to-date and in a proper business like manner such accounts and such books as the Rules and the committee may from time to time direct, and in particular, shall keep the following books of account: -

- 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 of admission to membership;
  - iii. The date on which he ceased to be a member, and
  - iv. The name of his/her nominee, if any.
- b. A minute book giving details of proceedings at the general meetings.

- c. Minute books giving details of proceedings of Management Committee, Credit committee and Supervisory committee meetings.
- d. A cash book, showing the details of all monies received and monies expended or paid out by the SACCO
- e. A general ledger containing such accounts as are necessary to reflect properly the business of the society
- f. A personal ledger for each member in the society, showing his transactions with the society.
- g. An assets (property) register.
- 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, the due date of repayments, and the date repayments were completed.
- h. Such other books and records as the Management Committee may decide or that the Commissioner may prescribe.

## **56. FINANCIAL YEAR**

The financial year of the society shall be the same as the calendar year that is from 1<sup>st</sup> January to 31<sup>st</sup> December

## **57. CONDUCT OF BUSINESS**

The Management Committee may make such rules, not inconsistent with these By-laws, 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 into force when and as determined by the committee.

## **58. ELECTION**

- a. All elections shall be determined by simple majority vote of those present and voting
- b. All elections shall be made by show of hands unless another method is specifically requested by majority of the members present
- c. No member shall be entitled to vote by proxy.
- d. Irrespective of the number of shares held, no member shall have more

than one vote.

- e. Within 10 days of their election, the names and addresses of all persons elected to office will be sent to the Commissioner

## **59. AUTHORIZATION TO SIGN DOCUMENTS**

Unless decided otherwise by the General meeting, all documents, contracts, and cheques shall be signed for and on behalf of the society by: Chairman, Vice chairman, Treasurer, Secretary and Manager (**any three of them**) can duly transact business or any other member of the Management Committee duly appointed by the Management committee.

## **60. DISPOSAL OF SURPLUS**

Subject to the Act, the Rules and these By-laws, and approval by the general meeting, the net surplus resulting from operations of the society during any financial year shall be disposed of as follows:-

- a. Not less than 20% shall be credited to the statutory Reserve Fund;
- b. The balance may be disposed of as decided by the general meeting; for:-
  - i. Paying dividend on shares at a rate to be decided at the General meeting.
  - ii. Paying an interest refund to members on record at the close of the financial year
  - iii. Being carried to an education or to any other fund of the society including the appropriation account.
  - iv. Applying an amount not exceeding 10 % of the net balance to any charitable purpose;
  - v. Paying a gratuity, honoraria or bonus to officers or employees of the society
  - vi. In any other way approved by the General meeting.

## **61. LOANS TO MEMBERS**

- a. All loans shall be approved by the credit committee and shall be restricted to members only or any sub-committee assigned the duty.
- b. The rate of interest on loans shall be recommended by the Management Committee.
- c. All loans shall be applied for on prescribed forms. The loan application shall be signed by the member, and 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 credit committee or loans officer may require. All applications for loans and the reports of the credit committee thereof shall be filed as permanent record of the society.

d. For purposes of a member being considered for a loan, his shares and deposits shall be taken into account.

e. Loan applications shall be considered in the order in which application is made, unless the loan is deemed by the committee to be an "emergency loan".

f. The credit committee may summon or cause to be summoned an applicant to appear before it personally to be interviewed in respect of his application for a loan.

g. The loan repayment form shall clearly state the amount of loan, rate of interest, the terms of repayment and the security, if any.

h. Loans may or shall whenever possible, be given as an authority for the member to charge the society. All such authorities shall be signed and sealed, and shall state that they are good for payment only if returned to the society within 7 days of the date of signing.

i. Loans may be granted to executive officers, committee members, and employees of the society who are members only if: -

a. The loan complies with the By-laws and is not on terms more favourable than those extended to other borrowers.

b. The loan is approved by the credit committee and thereafter by the Management Committee

c. The applicant takes no part in the consideration of his application and does not attend the credit or management committee meeting at which his application is considered.

j. The Management Committee may draw further regulations in respect to granting of loans provided such regulations shall not come into force until approved by the General Meeting

**62.** No loan shall be made to any member in excess of 5 % of the society's total share capital, deposits and reserves, for a period exceeding four years, subject to approval of a General Meeting.

### **63. SECURITY FOR LOANS**

a. The Management Committee shall ask for such security to loans as it may deem necessary. The shares and deposits of a member should be taken as security.

b. Where there is, after 90 days, continued delinquency, the committee may offset the loan balance from the shares, guarantees and deposits

c. The committee may refuse to accept as a guarantor a person who is

himself in receipt of a loan, and may decline to grant a loan subsequently to a member while he remains liable as a guarantor.

- d. No executive officer, or member of the management committee or any other sub-committee shall act as an endorser, or guarantor, for borrowers from the society.
- e. A borrower or guarantor may apply to the Management Committee for a change of guarantors.

#### **64. REPAYMENT OF LOANS**

- a. A borrower may, on any day on which the SACCO is open for business, repay his loan in whole or in part prior to maturity.
- b. The Credit committee may in most exceptional circumstances agree to the refinancing of a loan balance or any request for an extension of time in which to pay. Any extension so granted shall be treated as though it were a new loan and an extension agreement executed and signed.
- c. At every regular meeting of the Management Committee, the item "loan" shall appear on the agenda. At the meeting, the Treasurer shall present an up to date listing of delinquent borrowers showing:

- Name of borrower
- Account number
- Date of last payment
- Unpaid balance of loan
- Number of months delinquent
- Borrowers share balance
- Security or guarantors, if any

The Management Committee shall thereupon take action to collect the overdue accounts.

- 65.** Any loan more than three months overdue without plausible reasons shall be referred to the Management Committee for appropriate action, which will thereafter recommend that the guarantors make good thereof.

#### **66. CASH RESERVE**

Except or otherwise authorized by the General Meeting, a cash reserve shall be maintained of not less than 10 % of the total share capital for the 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 treasury bills.

#### **67. COMMON SEAL**

The society shall adopt and use a common seal. The seal shall have an imprint bearing the words, seal of **Energy Co-operative Savings and Credit Society Limited** and shall be different from the ordinary name stamp of the society. The seal shall be kept securely under lock and key by the Treasurer and shall be used only by, and in the presence of, the officers authorised to sign on behalf of the society.

## **68. FINES**

For any breach of these By-laws, or instructions issued by the General meeting, or failure of a member to pay his obligations on time, the defaulting member may be fined an amount not exceeding Ksh.20,000 (Twenty Thousand only) for each offence.

## **69. DISPUTES**

Any dispute arising out of these By-laws or concerning the business of the society which cannot be settled by the Management committee or the General Meeting shall be referred to the Cooperative tribunal. In the case of debts due to the society from a member or past member or debts owing a member or past member by the society, these shall be disputes and may be referred to the Co-operative Tribunal.

## **70. CONFIDENTIALITY OF OFFICERS OF THE SOCIETY**

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

**71.** When any committee member is absent, disqualified, or otherwise unable to

perform his duties, the Management Committee may designate another member or members of the Society to act and serve on the committee concerned when necessary in order to form a quorum until the next General Meeting.

72. All books of accounts and other records shall at all times be available to all committee members of the society, and to the Commissioner. A copy of the cooperative Societies Act and list of members excluding details of nominees and share holdings or loans shall be available for inspection by any member.
73. A copy of the By-laws may be furnished to every member who requests one, upon payment of a fee as determined by the Management Committee.
74. The Management Committee shall determine the criteria for opening and the number of branches the society may have. The establishment of any branch shall be approved by a General Meeting.

**75. AMENDMENT OF BY-LAWS**

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

**76. DISSOLUTION**

The society may be dissolved in accordance with the procedures set forth in the Co-operative Act and Rules.

**77. ACCEPTANCE**

We, the undersigned Executive Officers of the **Energy Co-operative Savings and Credit Society** 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 initiated and signed by us.

NAME

SIGNATURE

DATE

Chairman .....

Vice Chairman .....

Treasurer .....

Secretary .....

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

**Given under my hand at Nairobi this \_\_\_\_\_ day of**

**\_\_\_\_\_20\_\_\_\_\_.**

**COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT.**

**LOAN POLICY.**

**Energy SACCO has five (5) varieties of loans namely:**

- i. Normal loan
- ii. Emergency loan
- iii. Refinancing loan
- iv. Special loan
- v. School fees loan

**i. Normal Loan.**

Normal loan is offered at three (3) times member's shares an interest at 1% per annum on a reducing balance and is repayable within thirty six (36) months.

**ii. Emergency loan.**

Emergency loan is offered at three (3) times member's shares at an interest of 1% per annum on a reducing balance and repayable within twelve (12) months.

**iii. Refinancing loan.**

Refinancing loan is offered to members who already have a running normal loan, at three times members shares at an interest of 2% per annum (straight line) and repayable in twenty four (24) months.

**iv. School fees loan.**

School fees loan is offered at three (3) times member's shares at an interest of 1% per annum at a reducing balance and repayable within twelve (12) months.

**v. Special loan.**

Special loan is offered at three (3) times members shares at an interest of 15% (straight line) and repayable within a six (6) months.

Members should note that the net salary after computation on loans should be reasonable enough to avoid pecuniary embarrassment.