

BY LAWS

FOR

BUNISTA SAVINGS AND CREDIT CO-OPERATIVE

SOCIETY LTD.

P. O BOX 194

40601-BONDO

(Registered as a Co-operative Society)

(Amendment 2021)

NAME AND AREA OF OPERATION

1.1 NAME

The society shall be called BUNISTA SAVINGS AND CO-OPERATIVE SOCIETY LIMITED. Herein after referred to these by laws as “The Society” and its area of operation shall be Bondo University College.

Clause 1.1:

The society shall be called **“BUNISTA SAVINGS AND CO-OPERATIVE SOCIETY LIMITED Regulated Non-Withdrawable Deposit Taking Sacco”**

Clause 1.2 AREA OF OPERATION

The Sacco Society and its area of operation shall be within **Jaramogi Oginga Odinga University of Science and Technology.**

Clause 1.3 CHANGE OF NAME OR AREA OF OPERATION

The Sacco Society shall not change its name or area of operation, or propose the change of its name or area of operation except with a prior written approval of the General Meeting.

Clause: 3.3 CHANGE/RELOCATION OF HEAD-OFFICE

The SACCO Society shall not change or relocate its registered head-office or any other place of business or any addresses, except with a prior written approval of the Authority as provided in the Sacco Societies Act and the Regulations, 2020.

1.0 INTERPRETATIONS AND DEFINITIONS

1.1 GENERAL INTERPRETATION

In these by-laws, unless the context otherwise suggest words of phrases shall be defined/interpreted in accordance with the co-operative Societies Act Cap 490 Laws of Kenya and the Rules made there under, the Sacco society Act 2008 and the regulations made there under herein after referred to as the ‘Act’ and “Rules/Regulations” respectively.

In these By-Laws, unless the context otherwise suggests words or phrases shall be interpreted in accordance with the –

- a) Sacco Societies Act, No. 14 of 2008 (herein after referred to as the Sacco Societies Act;
- b) Sacco Societies (Non- Deposit Taking Business) Regulations, 2020 (herein after referred to as Regulations 2020)
- c) Co-operatives Societies Act (Cap 490)(herein referred to as Co-operative Societies Act)

- d) Co-operatives Societies Rules, 2004 (herein after referred to as the Co-operative Societies Rules)

1.2 GENDER NEUTRALITY

In these By-Laws where the masculine gender is referred to, it will be constituted to include the feminine gender.

1.3 DEFINATION / INTERPRETATIONS

In these by-laws save as otherwise expressly stated:

- (i) "Authority" shall mean the Sacco Societies Regulatory Authority established under the Sacco Societies Act.
- (ii) "Authorization" means the act of the Authority to grant permission to the SACCO Society to undertake non-deposit taking business within the meaning of the Sacco Societies Act and the Regulations 2020;
- (iii) "A nominee" mean a person appointed by the members to inherit the shares, deposits and other interests in the society upon the death of that member.
- (iv) "Applicable Law" means any other written law other than the Sacco Societies Act: and the Regulations 2020; the Co-operative Societies Act; and the Co-operative Societies Rules and these By-Laws;
- (v) "Board" shall mean the Board of Directors of the Sacco Societal constituted in accordance with these By-Laws;
- (vi) "Board Member" shall mean a person who has been elected or co-opted to serve as a member of the Board of Directors of the Sacco Society;
- (vii) "Board of Directors" means the persons elected at a duly convened General Meeting of the Society held in accordance with the Co-operative Societies Act, Co-operative Societies Rules, Sacco Societies Act, Regulations 2020 and these By-Laws, or in accordance with the provisions of any other applicable law;
- (viii) "Commissioner" shall mean "the Commissioner for Co-operative Development as provided for in the Act"
- (ix) "Core Capital" means the fully paid up members shares, capital issued, disclosed reserves, retained earnings, grants and donations all of which are not meant to be expended unless on liquidation of the Sacco society.
- (x) "Deposit taking business" has the meaning assigned to it in the Sacco Societies Act
- (xi) "Dispute" has the meaning assigned to it in the Sacco Societies Act
- (xii) "Dividend" shall mean members shares of the surplus of the Sacco society, which is divided amongst its members based on shareholding.
- (xiii) "Ethics Commission for Co-operatives" means the Ethics Commission for Co-operatives established pursuant to the provisions of the Public Officer Ethics Act, 2003;
- (xiv) "Non-deposit taking business" means the Sacco business, other than deposit taking business;
- (xv) "non-withdrawable deposits" means all the members' deposits not available for withdrawal for the duration of the membership of a member in the SACCO Society, and which deposits may be used as collateral against borrowings and domestic money transfer services only.

- (xvi) "non-withdrawable deposit-taking SACCO" means a SACCO Society whose Sacco business, is strictly limited to the receipt of non-withdrawable deposits from members and which deposits are not available for withdrawal for the duration of the membership of a member in a Sacco society, and which deposits may be used as collateral against borrowings and domestic money transfer services only, in accordance with Regulations, 2020;
- (xvii) "General Meeting" shall be a meeting (either "annual" or "special") for all members duly convened by the society to conduct its business; and include virtual or mixed physical and virtual General Meeting;
- (xviii) "Member" includes a person, an institution and a Co-operative Society joining in the application for the registration of a Sacco Society, and a person, an institution or co-operative society admitted to membership after registration in accordance with the by-laws.

6.4 PROHIBITION AGAINST DUAL MEMBERSHIPS

No member of the SACCO Society shall belong to more than one SACCO Society serving similar purpose or objectives

6.9 ELECTRONIC MEMBERS' REGISTER

The SACCO Society shall at all times maintain a members' register in an electronic format using a Management Information System (MIS) that conforms to the requirements of regulation 5(4)(b) of the Regulations 2020.

7.1 GROUNDS FOR SUSPENSION

15.1 The board of directors may suspend a member subject to the decision of the general meeting to expel, who:

- a) Fails to fulfill his/her obligations to the society whether stated in these by-laws, general internal regulations, a resolutions of the general meeting or in contravention of any other legal document, provided such a member has been called upon to do so but has failed.
- b) Is convinced in a court of law for a criminal offence involving dishonesty or fraud or is imprisoned for a period of three months or more.
- c) Is a member of a society having similar objects?
- d) Acts in any manner prejudicial to the interests of the society

7.2 PERIOD FOR SUSPENSION OF MEMBER

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

7.3 GENERAL MEETING'S POWER OF EXPULSION OF MEMBERS

An Annual General Meeting may expel a member following a recommendation by the Board of Directors, or upon discussing the member's conduct on the floor of a General Meeting.

7.6 APPEAL TO THE TRIBUNAL

16.3 A member who is expelled from the society shall have the right to appeal to the tribunal

9.3 MEMBER MAY CHANGE NOMINEE(S)

A member shall have the right to change the nominee(s) in writing, in the presence of at least two attesting witnesses who are members of the SACCO Society.

9.6 ADMISSION OF NOMINEE INTO MEMBERSHIP

A nominee may be admitted to membership of the SACCO society upon request; and upon such request the shares, deposits, interest and dividends due to the deceased member shall be transferred to the account of that nominee, and the account of the deceased member shall be closed down forthwith.

22. FUNDS OF THE SOCIETY

10.2. CAPITAL ADEQUACY

The SACCO Society shall at all times maintain a core capital which shall comprise of –
a) not less than five million shillings;

b) not less than eight percent of the total assets of the SACCO Society; provided that at least fifty (50%) percent of the core capital shall be composed of retained earnings and disclosed reserves; and

c) not less than five percent of the total non-withdrawable deposits held by the SACCO Society on behalf of its members.

10.3. HIGHER CAPITAL ADEQUACY

The SACCO Society shall however maintain a higher capital adequacy threshold if required or directed to do so by the Authority in accordance with the Sacco Societies Act and regulation 11(2) of the Regulations, 2020.

10.4. LIQUIDITY

The SACCO Society shall at all times maintain a liquidity ratio of not less than ten (10%) percent of its non-withdrawable deposits and short-term liabilities in liquid assets or such other higher liquidity ratio in accordance with a Liquidity Policy prepared in accordance with regulation 14 of the Regulations, 2020.

10.6 RESTRICTION ON INVESTMENTS

The SACCO Society shall not make financial investments in non-government securities, including investments in equities, collective investment schemes, bonds, commercial papers and notes, or derivatives, or equities of a subsidiary or a related entity, in excess of forty (40%) per-cent of its core capital; provided that the –

a) investments in equities of any legal entity or a derivate issued by any legal entity shall not exceed twenty (20) percent of the prescribed limit at any given time;

b) investments in collective investment schemes, bonds, commercial papers and notes, shall not exceed thirty (30%) per-cent of the prescribed limit at any given time; and

c) Investments in equities of a subsidiary or related entity shall not exceed fifty (50%) per-cent of the limit prescribed at any given time.

13.5. SPECIAL GENERAL MEETING

A Special General Meeting of the SACCO Society may be held when convened by the –

a) Board of Directors in accordance with these By-Laws; or

b) Commissioner; or

c) Board of the Directors within fifteen (15) days of receipt of a written request by at least one-fourth (1/4th) of the members, whichever is less, **PROVIDED** that the request is deposited by registered mail at the SACCO Society's address or delivered to the Chief Executive Officer at the SACCO Society's registered head-office within normal working hours.

13.6. FAILURE TO CONVENE SPECIAL GENERAL MEETING

If the Board of Directors fail to convene a Special General Meeting within fifteen (15) days of receipt of notice from members as provided herein above, such members shall convene the Special General Meeting as requested by notifying the Commissioner and the Board of Directors.

13.7. AGENDA AT SPECIAL GENERAL MEETING

Any business not completed at the Annual General Meeting, may be taken up at a subsequent Special General Meeting of the SACCO Society.

14.6. VIRTUAL GENERAL MEETINGS

The SACCO Society may hold its General Meeting virtually or both virtually and physically, in exceptional circumstances as may be determined by the Board of Directors taking into account any prevailing socio-economic, political, health or environmental circumstances limiting physical interactions.

14.7 VIRTUAL MEETINGS TO COMPLY WITH GUIDELINES

Where the Board of Directors opts to hold a virtual or a mixed virtual and physical General Meeting, then the Board of Directors of the SACCO Society shall –

a) take measures to ensure that the General Meeting is constituted, held and conducted strictly in compliance with any circulars or guidelines or directives which may be issued by the Commissioner and/or the Authority from time to time, or any written law; and

b) the members of the Board of Directors, the Chief Executive officer, and the Commissioner or representative shall be present within the SACCO Society's registered offices for purposes of the General Meeting.

20.4. SUBMISSIONS OF NAMES OF ELECTED PERSONS TO AUTHORITY

The Chief Executive Officer of the SACCO Society shall, within fourteen (14) days of the elections, submit to the Authority and the Commissioner the names and addresses of all persons elected to the

Board of Directors and Supervisory Committee, including their respective Fit and Proper Test Forms in accordance with the Regulations, 2020.

41. ELEGIBILITY FOR MEMBERSHIP TO THE BOARD OF DIRECTORS

No person shall be eligible for membership in the board of the society if he/she;-

- a) has not been a member of the SACCO Society for at least one (1) year prior to the Annual General Meeting;
- b) has been adversely named by the Commissioner in an Inquiry Report endorsed by a General Meeting for mismanagement or corrupt practices whilst still a member of the Board of a Co-operative Society or Union in the last ten (10) years, or mentioned adversely in any other national government inquiries where he/ she has been shown or alleged to be engaging or have engaged in dishonest activities;
- c) has been adversely named by the Authority in an Inspection Report for mismanagement or corrupt practices while still a member of the Board of Directors or officer of a SACCO Society in Kenya;
- d) has been barred or prohibited from holding office as a director or officer of a SACCO Society by the Authority;

19.0. COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS

19.1 RE-IMBURSEMENT TO BOARD MEMBERS

The members of the Board of Directors may be paid reimbursements or allowances for necessary expenses incurred in the course of discharging lawful duties shall be determined at such rates as the members may approve during the general meeting.

19.2 NO FIXED REMUNERATION OR SALARY

A member of the Board of Directors shall not receive remuneration in the form of a salary or any fixed periodic payments in respect of services rendered to the SACCO Society.

19.3 COMPENSATION TO BE DISCLOSED IN THE FINANCIAL STATEMENTS

The Board of Directors shall disclose in the audited financial statements, any compensation, fees, travel or meeting expense or reimbursement paid to each director of a SACCO society and each member of the Supervisory Committee, and shall be presented at the Annual General Meeting.

19.4. BOARD COMPENSATION POLICY

The SACCO Society shall develop and implement a Board Compensation Policy clearly detailing the rates of compensation or allowances payable to the members of the Board of Directors, taking into consideration the economic and financial condition of the SACCO Society, which Policy or any amendments thereto shall be approved by General Meeting of the SACCO Society.

19.5. AUTHORITY MAY VETO THE COMPENSATION POLICY

The Authority may at any time in the exercise of its mandate under the Sacco Societies Act and the Regulations, 2020 veto the implementation of a Board Compensation Policy or any sections thereof,

and may suspend the implementation of any such Policy or direct the review thereof as it may deem fit, taking into account its supervisory and regulatory mandate.

22.1. ESTABLISHMENT OF COMMITTEES

The Board of Directors may delegate to any of its Committees, such powers, duties and responsibilities pursuant to these By-Laws or other internal policies as it deems fit and proper; provided that one of the Board Committees shall be the Credit and Risk Management Committee.

22.2. RESTRICTIONS ON CONSTITUTION OF COMMITTEES

The number of Board Committees of the SACCO Society shall not in any event exceed three (3) Committees, consisting of members drawn from the Board of Directors; and -
a) members of the Board shall not sit in more than two committees; and

b) the Chairman shall not sit in any of the Board Committees, but may attend any Committee meetings upon invitation in writing by the Committee;

c) a member of the Board shall not chair more than one Board Committee; and

d) the functions and/or duties and/or responsibilities traditionally performed by the Audit or Risk Committees of the Board –

(i) shall be strictly performed by the Supervisory Committee of the SACCO Society in accordance with regulation 58 of the Regulations 2020 and these By-Laws; and

i (ii) the Board of Directors shall not establish or create another Board Committee to perform the said functions and/or duties and/or responsibilities.

22.3. THE CREDIT AND RISK MANAGEMENT COMMITTEE

There shall be a Credit and Risk Management Committee of the Board which shall consist of not more than three (3) members of the Board, and which shall perform the duties of –

a) ensuring the establishment and review of appropriate credit and risk management policies consistent with the relevant provisions of the Sacco Societies Act, the Regulations, 2020 and these By-Laws.

b) regularly assessing the loan quality of the SACCO Society to ensure that the portfolio at risk is within tolerable level;

c) receiving and considering reports and recommendations from the Technical Credit Committee;

d) ensure that the problem loan accounts are adequately identified and classified as prescribed in the Regulations;

e) ensure adequate provisions for potential loss is maintained;

f) review periodic credit and loan portfolio reports of the SACCO Society before submission to the Board.

60. DUTIES OF THE SUPERVISORY COMMITTEE

The Supervisory Committee, shall in addition to the duties assigned to it under the Co-operative Societies Rules, perform the following functions in accordance with the Regulations 2020 –

a) review internal controls including the scope of the internal audit program, the internal audit findings, and recommend action to be taken by management;

b) review internal audit reports and their overall effectiveness, the scope and depth of audit coverage, reports on internal control and any recommendations and confirm that appropriate action has been taken;

c) ensure that accounting records and financial reports are promptly prepared to accurately reflect operations and results;

d) review management reports, and reports from the internal and external auditors concerning deviations and weaknesses in accounting and operational controls;

e) propose to the Board, the names of three (3) qualified persons, to be recommended to the General Meeting, for appointment as external auditors of the SACCO Society;

f) monitor the ethical conduct of the SACCO Society and consider the development of ethical standards and requirements, including –

i) effectiveness of procedures for handling and reporting complaints;

(ii) reviewing any related party transactions that may arise within the SACCO Society;

(iii) verifying that relevant plans, policies, and control procedures are established and properly administered;

iv) investigating members' complaints and making recommendations for redress;

(v) considering any matter of significance raised by members during the General Meetings of the SACCO Society or the Authority or the Commissioner

23.6. REPORTS TO THE BOARD

The Supervisory Committee shall prepare and submit quarterly reports to be presented to a joint meeting with the Board of Directors within thirty (30) days after the end of each quarter.

23.7. REPORTS TO AUTHORITY

The Supervisory Committee shall submit or cause to be submitted to the Authority all quarterly reports of the Supervisory Committee, together with comments and actions made by the Board of Directors, within thirty (30) days, after presentation to the Board of Directors.

23.8. INTERNAL AUDIT FUNCTION TO TECHNICAL SUPPORT

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

23.9. LEGAL STANDARD OF CARE AND COMPENSATION FOR SUPERVISORY COMMITTEE

The members of the Supervisory Committee shall be held to the same legal standard of care as the legal standard of care, and shall be compensated under similar terms and circumstances; as prescribed for the members of the Board of Directors in these By-Laws.

25.0. CODE OF CONDUCT FOR OFFICERS

25.1. APPLICATION OF PUBLIC OFFICERS ETHICS ACT, 2003

All officers of the SACCO Society, including the Directors, members of the Supervisory Committee, Chief Executive Officer and other members of staff, shall comply with the requirements of the Public Officer Ethics Act, 2003 and the Code of Conduct made thereunder, including any Governance Guidelines as may be issued by the Ethics Commission for Co-operatives

25.2. THIRD SCHEDULE CODE OF CONDUCT FOR OFFICERS

The SACCO Society shall prepare a Code of Conduct which substantially conforms to the form set out in the **Third Schedule to the Regulations, 2020** for the approval of the Authority; and upon approval, the SACCO Society shall ensure that each and every officer thereof executes and abides by the Code of Conduct at all times.

25.3. CONFIDENTIALITY

The members of the Board of Directors and Supervisory Committee, and all other officers of the SACCO Society shall –

- a) hold in the strictest confidence all transactions of between the SACCO Society and its members; and
- b) comply with and/or cause the SACCO Society to comply with the provisions of the Data Protections Act, 2019 with regard to members' data and information.

25.4. CONFLICT OF INTERESTS

No member of the Board of Directors or Supervisory Committee or any other officer of the SACCO Society, shall in any manner participate in the deliberations and determination of any question affecting his/her financial interest. In the event of any disqualification, the remaining qualified members of the Board or Supervisory Committee or officers present at the meeting, if constituting a quorum with the disqualified person may exercise, with respect to the matter, all powers of the Board or Committee or management as the case may be.

25.5. COMPLIANCE WITH THE CODES OF CONDUCT

The SACCO Society and every officer of the SACCO Society shall at all times ensure and/or secure the compliance with the Codes of Conducts herein; including taking appropriate measures to implement any directives issued by the Authority or any other public body towards enforcing compliance with the Codes of Conduct.

27.0. POLICIES AND PROCEDURE MANUALS

27.1. BOARD TO MAKE POLICIES

The Board of Directors of the SACCO Society shall make and approve such policies and procedures as they shall deem necessary for the conduct of the business of the SACCO Society, including but not

limited to the policies prescribed in the Sacco Societies Act; the Regulations, 2020; these By-Laws and any applicable law, or as may be directed by the Authority from time to time.

27.2 REGISTER OF POLICIES

The SACCO Society shall maintain an updated register of all policies and/or procedure manuals made and approved by the Board of Directors, an original copy of the policy duly; containing the name and/or other particular details of the policy, the date of approval of the policy; where any amendments have been made to the policies, the date of approval of the amendment.

27.3. AUTHORITY TO INSPECT POLICIES

The SACCO Society shall, when required to do so by the Authority, promptly avail copies of its policies and the register for inspection, in accordance with the requirements of the Sacco Societies Act and the Regulations, 2020.

28.0. INSPECTION OF DOCUMENTS, BOOKS OF ACCOUNTS ETC,

28.1. INSPECTION BY AUTHORITY

All the books of accounts, financial statements and other records, whether held physically or electronically, shall at all times be available for inspection by the Authority, the Commissioner and/or the Supervisory Committee

28.2. INSPECTION OF REGISTRATION AND AUTHORIZATION CERTIFICATES

The SACCO Society's By-Laws; the original Registration Certificate issued under the Co-operative Societies Act; and the original Authorization Certificate issued under the SACCO Societies Act; shall at all times be available and prominently displayed in a conspicuous place within the SACCO Society's registered head-office, for inspection by the Authority, the Commissioner, members, any other government agency, or pursuant to any applicable law.

28.3. INSPECTION OF REGISTER OF MEMBERS

The register of members (excluding details of nominees and shareholdings, deposits and loans), maintained in accordance with the Sacco Societies Act, the Regulations 2020, and these By-Laws, shall be available for inspection by the any member and any other stakeholder upon payment of a prescribed fee.