

**BY LAWS**

**FOR**

.....  
**CO-OPERATIVE SOCIETY  
LIMITED**

(Registered as a Marketing Co-operative Society)

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

The society shall be called ..... Co-operative Society Limited hereinafter referred to in these by-laws as “The society” and its area of operation shall be ..... Ward ..... Sub-County ..... County

## **2 REGISTERED OFFICE AND POSTAL ADDRESS**

The registered office of the society shall be at ..... and the postal address shall be .....

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 members of the society through their last known address as per records held at the society within 30 days of such change.

## **3 DEFINITIONS AND INTERPRETATIONS**

**3.1** In these By-laws, unless the context otherwise suggests words or phrases shall be defined and interpreted in accordance with the Co-operative Societies Act Cap 490 Laws of Kenya and the rules made there under hereinafter referred to as the “Act” and “Rules” respectively.

**3.2** In these by-laws save as otherwise expressly stated:

- (i) “General Meeting” shall mean a meeting (either “annual” or “special”) for all members duly convened by the society to conduct its business.
- (ii) “Management Committee” shall mean the members elected in a duly convened General Meeting to govern the Business of the society as per these by-laws herein referred to as the ‘Committee.’
- (iii) “Commissioner” shall mean the Commissioner for Co-operative Development as provided for in the Act.
- (iv) “Agricultural produce” means any produce or article produced or obtained by the work or industry of members of a co-operative society or marketed by a co-operative society, whether the produce be of agriculture, animal husbandry, forestry, fisheries, handicrafts or otherwise.
- (v) “Member” shall include a person who signs the application for registration of a society and a person admitted to membership after registration in accordance with these by-laws.
- (vi) “Limited liability” shall mean limited by shares.
- (vii) “Bonus” shall mean the member’s share of the surplus of the society which is divided amongst its members, calculated by reference to the proportion which the member’s volume of business with the society bears to the total volume of the business done by the society.
- (viii) “Capital” shall mean the permanent members equity in the form of common stock and includes all disclosed reserves, retained earnings, grants or donations.
- (ix) “Returning officer” shall mean a person appointed to oversee or conduct the elections of a co-operative society at a general meeting.
- (x) “Special resolution” means a resolution passed by two-thirds of the members present and voting at a general meeting of the society.
- (xi) “Tribunal” shall mean the co-operative tribunal established under the Act.

- (xii) "Applicable Law" shall mean the Co-operative Societies Act, Rules and these by-laws.
- 3.3 In these by-laws where the masculine gender is referred to, it shall be construed to include the feminine gender.
- 3.4 Any questions concerning interpretation(s) of these by-laws or any matter not provided for therein, errors and omissions shall be referred to the Commissioner.

#### 4 OBJECTS

- 4.1 The objects for which the society is established are to organize and promote the welfare and economic interests of its members.
- 4.2 **In particular, the society shall undertake:**
- a) To arrange for co-operative marketing, processing, grading, packaging and transporting the members produce and such other operations as may be necessary for the most profitable disposal of the produce.
  - b) To arrange for the purchase and resale of farm inputs and chemicals and other similar requirements of the members.
  - c) To take measures to control pests and diseases.
  - d) To foster education and training to members, committee members and employees.
  - e) To provide co-operation and good will between members and the society
  - f) To Co-operate with other co-operatives in order to promote members interests and in furtherance of the society's objectives.
  - g) To apply the co-operative principle of co-operation among co-operatives in order to promote members' interests. And in furtherance to the objects of the society affiliate to the relevant National Co-operative Union and the Apex society.
- 4.3 For the attainment of the above objects, the society may do acts and things that are permissible under the Act, rules and these by-laws including but not limited to acquiring property and chattels and doing all such other things as are incidental or consequential to the economic enhancement of its members interests provided such act is approved by the members in a general meeting.

#### 5 THE CO-OPERATIVE PRINCIPLES AND VALUES

In order to achieve its objects the society shall act in accordance with the following Co-operative principles and relevant values.

##### 5.1 CO-OPERATIVE PRINCIPLES

a) ***Voluntary and open membership***

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

b) ***Democratic member control***

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

c) ***Economic participation by member***

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

d) ***Autonomy and independence***

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

e) ***Education, training and information***

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

f) ***Co-operation among co-operatives***

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

g) ***Concern for community in General***

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

**5.2 CO-OPERATIVE VALUES**

The values shall be self-help, mutual responsibility, equality and equity. It shall practice honesty, openness and social responsibility in all its activities.

**6 MEMBERSHIP**

Membership shall consist of:-

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

**7 QUALIFICATIONS FOR MEMBERSHIP**

A person shall be eligible for membership if he/she:-

- a) Ordinarily resides or owns land within the society's area of operation namely .....
- b) Is of good character and sound mind.
- c) Has attained the age of 18 years,
- d) Grows or has products capable of being marketed in accordance with these by-laws namely .....
- e) Is not a member of another co-operative society carrying out the same activities in the same area of operation,
- f) Pays entrance fee and minimum share capital as prescribed in these by-laws.

**8 APPLICATION FOR MEMBERSHIP**

Every applicant for membership shall complete an "application for membership" form. This form shall be drawn to show all the information required for the purpose of registration of members.

**9 ADMISSION INTO MEMBERSHIP**

- 9.1 An applicant shall be admitted to membership on application upon payment of an entrance fee of KShs..... and for such other minimum shares as shall be fixed by the General meeting from time to time.
- 9.2 Upon admission the member's name shall be entered in the membership register and a membership number issued.
- 9.3 The member shall sign or make a thumb mark in the register of members in the presence of two members of the committee to indicate his/her acceptance of the by-laws of the society.
- 9.4 Members shall be admitted by the committee subject to confirmation by the next general meeting.
- 9.5 The member shall pay for a copy of the society's by-laws at its actual cost to the society.

## **10 REFUSAL OF ADMISSION**

The Committee may refuse admission to a person after assigning reasons for their decision. Such a person, if otherwise eligible for membership, shall have the right to appeal to the next General Meeting through a member.

## **11 RIGHTS OF MEMBERS**

A member of the society shall have the right to:

- a) Attend and participate in decision-making at all general meetings of the society and vote;
- b) Be elected to organs of the society, subject to these by-laws;
- c) Enjoy the use of all the facilities and services of the society subject to the society's by-laws;
- d) All legitimate information relating to the society, including: internal regulations, registers, minutes of general meetings and supervisory committees, reports, annual accounts, inventories and investigation reports, at the society's registered office.

## **12 OBLIGATIONS OF MEMBERS**

A member of the society shall have the obligation to:

- a) Observe and comply with all the society's by-laws and decision taken by the relevant organs of the society;
- b) Buy and pay up for shares or make any other regular payments provided for in these by-laws;
- c) Meet the debts of the society in case of insolvency in accordance with the provisions of the Act and these by-laws.

## **13 CESSATION OF MEMBERSHIP**

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

- a) Death
- b) Withdrawal.
- c) Expulsion.
- d) Being certified insane.
- e) Transfer of all shares to another member.
- f) Ceasing to hold qualification for membership as specified in these by-laws

## **14 SUSPENSION/EXPULSION**

The committee may suspend a member subject to the decision of the general meeting to expel who:

- a) Fails to fulfill his obligations to the society whether stated in the Act, rules or these by-laws, general internal regulations, or a resolution of the general meeting, provided such a member has been called upon to do so but has failed,
- b) Is a member of another co-operative society carrying out the same activities and in the same area of operation as this society,
- c) Acts in any manner prejudicial to the interests of the society.

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

## **15 PROCEDURE OF SUSPENSION**

- 15.1**
- a) Upon formal and written proof that a member has committed a violation punishable by expulsion, the committee shall serve a thirty (30) days written notice to the member stating the reason(s) for the proposed expulsion and requiring him/her to file a defence.
  - b) Upon the expiry of the 30 days and taking into consideration the member's defense if any, the committee shall initiate administrative inquiry and make a decision on its findings within 15 days. The Committee may;
    - i. Suspend the member pending expulsion by the General Meeting or
    - ii. Impose any other punishment as provided for in the applicable law.
  - c) The suspended member may appeal to the general meeting if not satisfied with the decision of the committee
  - d) The committee shall present their findings to the next General meeting which may either lift the suspension or expel the member.
  - e) A member who is expelled from the society shall have the right to appeal to the tribunal.

## **16 WITHDRAWAL FROM SOCIETY**

A member may at any time withdraw from the society by giving at least sixty (60) days written notice to the committee.

## **17 PAYMENT ON CESSATION OF MEMBERSHIP**

On cessation of membership, a person shall be refunded the following amounts:

- a) Any payment due to him prior to the date membership ceased and
- b) Any other sums held by the society on his behalf after deduction of any sum owed to the society.

**18 NOMINEE**

Every member shall nominate in writing one or two persons as nominee(s). The nomination shall be attested by two witnesses who are members of the society. The names of such nominee(s) shall be entered in the nominee register.

Provided that a member shall have the right to change his/her nominee(s) in writing in the presence of two attesting witnesses who are members of the society.

**19 PAYMENT TO NOMINEE**

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 the deceased member's deposits, interest and dividend after deducting monies owed to the society, if any.

**20 ADMISSION OF NOMINEE**

A nominee may be admitted if he is qualified for membership of the society. On admission, the shares, interest and dividends (if any) due to the deceased member shall be transferred to the account of that nominee.

**21 SOURCES AND APPLICATION OF FUNDS**

**21.1** The sources of funds of the society shall consist of:

- a) Entrance fee,
- b) Share capital,
- c) Administration fees and penalties,
- d) Statutory reserve fund and any other reserve fund as may be kept by the society.
- e) Surplus resulting from the operation of the society,
- f) Any donations, gifts from other bodies, organizations and individuals.

**21.2** The funds of the society shall be applied to the promotion of the stated objects of the society as set out in these by-laws and purpose set out in the Act and Rules and shall be invested in:

- a) Investments and securities as are authorized for the investment of trust funds,
- b) The shares of any other co-operative society,
- c) Any bank licensed under the Banking Act,
- d) The stock of any statutory body established in Kenya or in any limited liability company incorporated in Kenya or in any other manner approved by a resolution at a general meeting of the society.

**22 SHARES**

Every member shall hold at least ..... shares of KShs..... each as shall be fixed by the General Meeting. However, no member shall hold more than one-fifth of the total shares of the society.

**23 TRANSFER OF SHARES**

- a) With the approval of the Committee, a member may at any time transfer his shares to another member but not to any other person. Such transfers must be in writing and at nominal value.
- b) All transfers of shares between members shall be registered with the society and no transfer shall be valid unless so registered. A fee of KShs..... shall be payable by the transferee to the society.

**24 LIABILITY**

- a) The liability of a member shall be limited to the nominal value of the shares 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 POWER TO BORROW**

- a) Loans may be obtained from non-members subject to the maximum amount and terms approved by the General meeting and the Commissioner for co-operatives.
- b) For the securing 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 general Meeting. Subject to approval by the Commissioner for Co-operative development.
- c) The rate of interest on loans shall not exceed the current market rate.

**26 RECEIPTING AND PAYMENT OF MONEY**

**26.1 RECEIPTING**

- a) Money paid on account of shares, interests, fees or fines shall be evidenced by a printed receipt in a form to be approved by the Committee. Every person paying any money on behalf of the society shall be identified on the receipt.
- b) Should the receipt given to the member by the society be lost or destroyed, immediate notice of such fact shall be given by the member to the Treasurer who may be authorized by the Committee to issue a duplicate receipt. The Committee may require the member to sign an indemnity to protect the society against any loss due to the issuance of such duplicate. The committee may also require payment to the society of a reasonable fee to cover the cost of issuing the duplicate receipt.

**26.2 PAYMENT**

Payments made by the society shall be evidenced in writing in a form approved by the committee.

**27 STATUTORY RESERVE FUND**

- a) The society shall pay into the reserve fund maintained in pursuance of the provisions of Section 47 of the Act one fifth (1/5) of the net surplus resulting from the operations of the society during a financial year.
- b) The reserve Fund of the society shall be invested in the manner provided for in these by-laws.
- c) The Reserve Fund shall be indivisible and no member shall be entitled to claim a specific share of it.
- d) No withdrawal shall be made from the reserve fund of the society without a resolution from the General Meeting and a written approval from the Commissioner.

**28 GENERAL MEETING**

The supreme authority of the society shall be vested in the General Meeting of members.

- a) An Annual General Meeting shall be convened within four months after the end of the society's financial year.
- b) Any business not completed at the annual General Meeting, may be taken up at a subsequent special General Meeting of the society.
- c) A special general meeting of the society may be held:-
  - i. When convened by the Committee.
  - ii. When convened by the Commissioner.
  - iii. When convened by the committee within fifteen (15) days of receipt of a written request by at least ..... members or one fourth (1/4) of the members, whichever is less. Provided that, the request is deposited by registered mail at the society's address or delivered to the manager at the society's offices within normal working hours.
  - iv. If the Committee fails to convene a meeting within fifteen days of receiving a request from the members demanding the meeting may themselves convene the meeting by giving notice to the other members of the co – operative, stating the object and reasons for the meeting and the fact that the Committee has failed to convene the meeting.

**29 DUTIES OF GENERAL MEETINGS**

**29.1** The General Meeting shall have the powers and duties prescribed in the Act, Rules and these by-laws. It shall:

- a) Consider and confirm the minutes of the previous General Meeting.
- b) Consider reports of committees, the Commissioner or his representative and the audited accounts on the society's activities during the past financial year.

- c) Consider and resolve on the manner in which any available surplus shall be distributed or invested, subject to the Act and rules.
- d) Elect or remove members of the Committee and the Supervisory Committee, subject to the Act, Rules and these by-laws.
- e) Decide on the type and quality of produce to be delivered.
- f) Fix the indemnity for the elected committee members and management staff.
- g) Consider recommendations from the Committee and supervisory on suspension of members.
- h) Consider appeals against refusal of membership by the Committee.
- i) Confirm or reject admission of new members by the committee.
- j) Fix the maximum liability which the society may incur in loans from both members and non-members.
- k) Approve the estimates of income and expenditure for the financial year following the General Meeting.
- l) Fix the honoraria, if any, for officers or employees of the society.
- m) Decide on the management structure, including the establishment of branches to facilitate efficient and cost effective delivery of services to members.
- n) Affiliate the society to National Co-operative Organization for marketing societies and the Apex society.
- o) Appoint bankers, auditors and advocates of the society for the ensuing year.
- p) Transact any other business of the society for which notice has been given to members in the manner prescribed in these by-laws.

**29.2** All members are allowed to attend the General Meeting and participate in its deliberations; however they may be required to identify themselves.

### **30 RECORD OF BUSINESS**

All business discussed or decided at the General Meeting shall be recorded without erasures and corrections in a Minute Book, which within one week of the meeting, shall be signed by the Chairman of the meeting and at least one other committee member who was present at the meeting, to indicate that in their opinion the minutes are a true and complete record of all matters discussed or decided at the meeting.

At the next meeting after approving any alterations or variations which shall be written immediately below the above signatures and not as alterations to the original record, the meeting shall by resolution authorize the chairman to sign and date the final record.

### **31 NOTICE OF MEETINGS**

- a) The general meeting shall be convened by giving at least 15 days written notice to the members.
- b) The Honorary Secretary shall take all usual steps to publish the notice of the meeting in public places, on the society's notice board(s), in local newspapers or news-sheets, including the media or any other mode decided by the members.
- c) All notices shall include a statement of the business to be dealt with.

**32 QUORUM**

Except when convened by the Commissioner, the presence of at least ..... members or one fourth (1/4) of the total membership, whichever is less, shall constitute a quorum for the conduct of business at the General Meeting. When a quorum is not attained 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 these by-laws. If at such a meeting a quorum is again not attained, the chairman shall declare the meeting open with those present one hour after the advertised time of the meeting.

**33 ELECTIONS**

**33.1**

- a) With every notice of a General Meeting convened in accordance with these by-laws, where elections will be held, the Committee shall notify the members of the vacancies arising in both the Committee and the Supervisory Committee.
- b) During elections, the Returning officer shall call for nominations from the floor. Each candidate must have a proposer and a seconder.
- c) At the elections, members shall decide, by majority vote, the method of voting. The method may be secret ballot or queuing or by show of hands.
- d) No member shall be entitled to vote by proxy.
- e) Irrespective of the number of shares held by him, no member shall have more than one vote.

**33.2** Within fourteen (14) days of the elections, the Honorary Secretary shall forward to the Commissioner, the names and addresses of all persons elected.

**33.3** A new committee elected at the General Meeting shall not assume office unless they have satisfied the requirements of the Act, Rules and these by-laws.

**34 THE MANAGEMENT COMMITTEE**

**34.1** The Management Committee shall be the governing body of the society elected from the general membership and shall consist of ..... members. It shall include the Chairman, Vice chairman, Treasurer and Secretary all of whom shall be elected by the Committee.

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

**34.3** If during the term of office of a committee, a vacancy occurs in the committee, the committee shall if the number of members drops below five (5), co-opt qualified member(s) into the committee until the next General Meeting.

**35 ELIGIBILITY FOR MEMBERSHIP TO THE MANAGEMENT COMMITTEE**

No person shall be eligible for membership in the committee of the society if he/she:

- a) Is not a member of the co-operative society;
- b) Is under eighteen years of age;
- c) Is unable to read and write;
- d) Receives any remuneration, salary or other payments from the co-operative society save as in accordance with the Act;
- e) Is a committee member in two other societies;
- f) Trades either on his own account or some other person's account in the same type of goods or produce as the society;
- g) Is an undischarged bankrupt;
- h) Is of unsound mind;
- i) Has been convicted of any offence involving dishonesty or is sentenced to imprisonment for a term exceeding three months;
- j) Has been convicted of any offence under the Act or Rules made thereunder;
- k) Has any uncleared debt owing to the society at the end of its financial year other than in respect of a loan granted under the provision of any rules made under the Act;
- l) Is a person against whom any amount of money is due under a decree, decision or order or is pending recovery under the Act.

**36 MANAGEMENT COMMITTEE MEETINGS**

- a) Meetings of the Committee shall be held regularly but up to a maximum of fifteen (15) sittings annually. At least ..... members of the committee shall form a quorum for the disposal of business.
- b) If a member of the committee fails to attend three consecutive meetings without being excused thereon, or otherwise fails to perform his duties, his position may be declared vacant and the vacancy filled as provided for in these by-laws.

**37 RECORD OF BUSINESS OF THE MANAGEMENT COMMITTEE**

All business discussed or decided at the Committee Meeting shall be recorded without erasures and corrections in a Minute Book, which within one week of the meeting, shall be signed by the Chairman of the meeting and at least one other committee member who was present at the meeting, to indicate that in their opinion the minutes are a true and complete record of all matters discussed or decided at the meeting.

At the next meeting, after approving any alterations or variations, which shall be written immediately below the above signatures and not as alterations to the original record, the meeting shall, by resolution, authorize its Chairman to sign and date the final record.

**38 DUTIES AND POWERS OF THE MANAGEMENT COMMITTEE**

The Committee of the society shall subject to any directions from the General Meeting generally direct the affairs of the society. Its procedures, powers and duties shall be as prescribed by the Act, Rules and these by-laws. In particular, it shall:

- a) Observe in all its transactions the Act, the Rules, these by-laws and prudent business practices.
- b) Act upon all applications for membership.
- c) Make provision for sufficient funds for loans to members.
- d) Ensure that true and accurate records and accounts of the society's money, properties, capital reserves, liabilities, income and expenditure are kept and maintained;
- e) Prepare and develop long term management plans and budgets for presentation at the General Meeting;
- f) Propose to the General Meeting the amount and kind of surety bond, or other security, which shall be given by the member of the committee or employee having custody of or handling funds or property of the society;
- g) Determine and recommend to the General Meeting the interest rates on loans, the maximum maturities and terms of payment or amortization of loans from time to time and the maximum amounts that may be loaned with or without security to any member;
- h) Cause the audited accounts to be displayed in a conspicuous place at its registered office and branches at least two weeks before presentation of accounts to its members at the general meeting;
- i) Lay before the General Meeting audited accounts, together with proposals for the disposal of net surplus, if any;
- j) Recommend to the General Meeting the bonus to be paid and distribution of surplus, if any.
- k) Fill through co-option, vacancies occurring in the committee between General Meetings;
- l) Recommend investments of the society;
- m) Authorize the conveyance of properties;
- n) Authorize borrowing and lending operations of the society in accordance to the Act and the Rules;
- o) Designate a depository or depositories for the funds of the society;
- p) Employ and fix the remuneration of the employees in accordance with the terms and conditions of service as approved by the Commissioner;
- q) Impose fines as provided for under these by-laws;
- r) Approve transfer of shares;
- s) Supervise the recovery and collection of loans from members and recommend to the General Meeting the write off of bad debts.
- t) Perform or authorize any actions consistent with the Act, the Rules and these by-laws, unless specifically reserved for the General Meeting;
- u) To provide adequate budget for education and training of members, the committee and staff; and
- v) Perform such other duties as the General meeting may from time to time direct.

In the conduct of the affairs of the society, the members of 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 failure to act, which are contrary to the Act, the Rules, the By-laws or the directions of the General Meeting.

**40 EXPENDITURE**

No expenditure shall be authorized by the Committee unless it is provided for in the estimates formally approved by the General Meeting.

**41 INDEMNITY**

All committee Members shall each provide an indemnity of an amount approved by the General Meeting. A duly completed Form V in the schedule to the Rules shall be lodged with the Commissioner within fourteen (14) days upon election to the committee.

**42 DECLARATION OF WEALTH**

Every committee member shall within 30 days of being elected shall declare his/her wealth to the Commissioner in the prescribed manner.

**43 SUB-COMMITTEES**

- a) The sub-committees shall consist of persons drawn from the committee.
- b) The Committee may delegate to the sub - committees some of its powers and duties under these by-laws as it deems fit.
- c) These sub-committees shall convene as directed by the committee.

**44 EDUCATION SUB-COMMITTEE**

The Education Subcommittee shall consist of three members including the Vice-Chairman who shall serve as its Chairman. Its duties shall be to:

- a) Organize education programs for members, committee members, staff and the general public.
- b) Ensure that both the Committee members and the staff are well trained and prepared for the tasks they are entrusted with at the society.
- c) Create co-operative awareness to the general public.

**45 TENDER SUB-COMMITTEE**

The tender Subcommittee shall consist of three members of the Committee.

**46 DELEGATION TO EMPLOYEES**

- a) The committee may delegate to any employee of the society such duties as it deems fit.
- b) Nothing in (a) above shall absolve the Committee from its responsibility of running the affairs of the society in a proper and businesslike manner.

**47 EXECUTIVE OFFICERS**

The Chairman, the Vice-Chairman, the Treasurer and the Honorary Secretary shall be termed as the "Executive Officers of the Society" and shall be elected at a meeting of the Committee held within seven (7) days after elections at the General Meeting.

**48 THE CHAIRMAN**

The Chairman shall:

- c) Preside at general meetings, Committee meetings and joint meetings with the Supervisory Committee.
- d) Perform such other duties as may be directed to perform by the Committee, not inconsistent with provisions of the Act, the Rules and these by-laws;

**49 THE VICE-CHAIRMAN**

The Vice-Chairman shall perform:-

- i. The duties of the Chairman during his/her absence.
- ii. Such other duties as may be directed by the Committee.

**50 HONORARY SECRETARY**

The duties of the Honorary Secretary are to:

- (a) Record minutes of the Committee meetings, General Meetings and joint meetings with the Supervisory Committee.
- (b) Prepare and send notices of meetings.
- (c) Ensure that the society's correspondence is promptly and correctly attended to, and
- (d) Perform such other duties as may be directed by the committee.

**51 TREASURER**

The duties of the Treasurer shall be to:

- a) Generally manage or cause to be managed the financial affairs of the society in a competent manner;
- b) Ensure that a 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) Ensure the safekeeping of the society money, securities and books of accounts;
- d) Ensure that all payments and expenditures are dully authorized;
- e) Ensure that within ten days after the closure of each month, a financial statement showing the condition of the society finances at the end of the receding month is prepared and submitted to the Committee for discussion;
- f) Ensure compliance with all directions of the Committee, the Act, the Rules and these by-laws on all financial matters, and
- g) Perform such other duties as may be directed by the committee.

**52 SUPERVISORY COMMITTEE**

- (e) The society shall have a supervisory committee consisting of three members each elected at the General Meeting for a period of three years and one member of the supervisory committee shall retire annually. No person who has been in the committee within two (2) years preceding the date of the anticipated election shall be eligible for membership of the supervisory committee.
- (f) The supervisory committee shall:
  - i. Hold quarterly meetings save for joint meetings with the committee.
  - ii. Have qualifications similar to those of committee members.
  - iii. Be required to have knowledge of accounts.
  - iv. Be removed by a resolution of the general meeting.

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

**53.1** The duties of the supervisory committee shall include:

- (a) Counterchecking, the effectiveness of the society's internal control systems through:-
  - i. Carrying out investigations as may be necessary for the wellbeing of society and members in general and verifying the accuracy of the transactions of the society.
  - ii. Checking if cash and bank accounts are reconciled in good time.
  - iii. Establishing whether the management of the society use managerial tools i.e. budgets, trial balances, economic reports, long term plans and others and thereafter making necessary recommendations to the committee.
- b) Preparation and presentation of periodic reports to the management committee during joint meetings.
- c) Presentation of Annual Report to the General Meeting.
- d) Submission of its reports to the Commissioner.

**53.2** The supervisory committee shall be held liable for any loss incurred due to their negligence in performing their duties.

### **54. SUSPENSION FROM THE MANAGEMENT COMMITTEE**

- a) The Commissioner may suspend from duty any Committee Member charged in a court of law with an offence involving fraud or dishonesty pending the determination of the matter.
- b) The majority of the Committee Members may suspend a Committee Member for;
  - (i) Failure to disclose vested interests.
  - (ii) Any other good cause.

### **55. REMOVAL FROM THE MANAGEMENT COMMITTEE**

A member of the Committee shall cease to hold office if he:

- a) Ceases to hold qualifications of a Committee Member as specified in the Act, Rules and these By-laws;
- b) Is removed by the Commissioner under the provisions of the Act;
- c) Is voted out by two-thirds (2/3) majority of the society members present and voting at the general meeting.

### **56. THE MANAGER**

The Manager shall conduct the business of the society subject to overall control of the committee. He shall be an *ex-officio* member of all Committees.

### **57. DUTIES OF THE MANAGER**

The manager shall:-

- a) Advise the Committee and other Committees in formulating the policies and programs of the Society and implement these after approval,
- b) Supervise the work of all staff and ensure that the business of the Society is conducted in a proper manner,

- c) 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 Committee and other Committees and also to the Commissioner.
- d) Be responsible for the security of the funds and assets of the Society,
- e) Be responsible for the security of members' produce and stores for resale,
- f) Ensure maintenance and custody of society books, accounts, assets, registers, certificates, society's seal, cheque books and other accountable documents,
- g) Ensure that all statutory deductions such as NSSF, NHIF contributions and P.A.Y.E are correctly calculated and that all the amounts due and the necessary returns are submitted by the due date.
- h) Ensure that rent, rates, levies and debts due from and to the Society are paid by the due date.
- i) Recommend to the Committee the filing of any vacant positions and dismissal of any employee who is not performing his duties properly.
- j) Attend general and committee meetings as an ex-official.
- k) Perform such other duties as may be assigned to him by the committee.

## **58 BOOKS OF ACCOUNTS AND RECORDS**

The society shall keep up to date and in a proper businesslike manner such books of accounts and records as stipulated in the Act, the Rules, and in particular:-

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

## **59 DELIVERY OF PRODUCE**

- a) The society shall market only such types of produce as shall be decided by the general meeting.
- b) The committee may direct the quality of produce to be delivered by each member and need not accept such produce unless it is of the required standard and delivered at the time and place as directed.
- c) A receipt for all produce delivered to and accepted by the society shall be issued on behalf of the society at the time of delivery.
- d) The committee shall make rules as they deem fit regarding the kinds of produce to which a pooling system shall be applied and shall decide on the periods of such pools and the quality of such produce.

**60 BINDING RULES**

- 60.1 Where a society has exercised its powers under these by-laws and also entered into a contract with a member under the Act for the purpose of securing the performance of the obligations arising under the contract, the member shall not without first obtaining the written consent of the committee, sell or otherwise dispose of any of his produce (of a kind scheduled as falling within these by-laws) to any company, society or person other than the society.
- 60.2 If a member acts inconsistently with the said contract, he shall pay to the society, a sum estimated by the committee, as loss arising from the breach of contract. Payment of such damages shall in no way exempt the imposition of a fine under these by-laws.

**61 REGULATIONS**

- 61.1 The Committee may make such regulations, not inconsistent with these by-laws, as they deem necessary for the conduct of the society's business. Any such regulations shall be recorded in the minute book, and posted on the society's notice board and shall come into force when determined by the committee.
- 61.2 The society shall formulate a code of conduct for good governance.

**62 AUTHORIZATION TO SIGN DOCUMENTS**

- 62.1 All documents, contracts and cheques shall be signed on behalf of the society by any three of the following:  
 Chairman;  
 Vice Chairman;  
 Secretary; and  
 Treasurer.
- 62.2 The manager shall countersign all the documents.
- 62.3 The Committee may authorize any other officer to sign the society's documents.

**63 FINANCIAL YEAR**

The financial year of the society shall be from -----/----- to -----/-----

#### **64 DISPOSAL OF SURPLUS FUNDS**

Subject to the Act and Rules, the net surplus resulting from operations of the society during any financial year shall be disposed of as follows:

- a) 20% shall be credited to the Reserve Fund.
- b) The balance may be disposed of as decided by the General Meeting for:
  - i. Paying bonuses or dividend on shares.
  - ii. Being forwarded to Education Fund or any other fund or funds of the society including the appropriations.
  - iii. Paying honorarium to committee members.
  - iv. In any other way approved by the General Meeting.

#### **65 LOANS SCHEME**

- a) Notice shall be given to all members when a society intends to start a loan scheme.
- b) All schemes of loans to members shall be subject to approval by the general meeting and such loans shall include farm inputs and factory development.

#### **66 APPLICATION AND GRANTING OF LOANS**

- a) All loans shall be applied for on application forms.
- b) All loans shall be granted by the committee.
- c) Loans shall be considered in the order in which the application is made.
- d) The applicant shall attach the necessary documents in support of the loan application.
- e) The loan agreement between the borrower (member) and the society shall be in writing and shall be signed by the borrower and sealed on behalf of the society by the officers authorized to sign and affix the seal.
- f) If the agreement is not written in the borrower's own language it shall contain a clause stating that he had the meaning explained to him and understood it.
- g) Where a certain fixed sum is available for loans, no loan to one person shall be for more than one tenth (1/10) of this sum.
- h) Loans shall be granted by the committee subject to the credit limit.
- i) The committee shall not grant a loan which in its opinion does not benefit the borrower in the immediate future or violates the objects of the society.
- j) No loan shall be granted except for a specified and approved purpose, for a definite period of time and at a definite rate of interest.
- k) Any request for an extension of time in which to pay shall be agreed to only in most exceptional circumstances such as natural calamities. Any extension so granted shall be treated as though it was a new loan and a new agreement shall be signed.
- l) Credit for farm inputs shall be granted to a member after the assessment of his farm produce.

**67 SECURITY FOR LOANS**

- a) The agreement form shall clearly state the amount of the loan, the rate of interest, the date of full repayment and the purpose of the loan, and the nature of the security provided which shall be mandatory.
- b) Member's produce and credit limit thereof shall be put into consideration while granting loans.
- c) Where one or more personal guarantors of a loan are required by the committee, the committee shall not accept as guarantor a member who has a loan and has already guaranteed three loans.
- d) No committee member or a supervisory committee member shall act as an endorser or guarantor for borrowers from the society.
- e) A borrower may apply to the committee for a change of guarantor.
- f) Any loan overdue for payment for more than three months shall be referred to the guarantors provided that the society shall give notice of such intention to the borrower and guarantors.

**68 CASH RESERVE**

Except as otherwise authorized by the General Meeting and approved by the Commissioner, a cash reserve shall be maintained of not less than ten percent (10%) of total share capital for the specific purpose of meeting requests for deposits withdrawals and other emergency pay-outs. The cash reserve may consist of cash in hand, the balance in the current and savings accounts, and fixed deposits.

**69 COMMON SEAL**

- a) The society shall adopt and use a common seal bearing the words "seal of .....  
CO-OPERATIVE SOCIETY LIMITED" which shall be different from the ordinary name-stamp of the society.
- b) The seal shall be kept securely under lock and key by the Manager and shall be used only in the presence of the officers authorized to sign documents on behalf of the Society.

**70 FINES**

For any breach of these by-laws or lawful instructions issued by the Committee and General Meeting, or failure of a member to pay his obligations on time, the member shall be fined an amount not exceeding KShs. 20,000.00

**71 DISPUTES**

If any dispute concerning the business of the society arises: -

- a) Among members, past members and persons claiming through members, past members and deceased members; or
- b) Between members, past members or deceased members, and the society, its committee or any officer of the society; or
- c) Between the society and any other co-operative society; and

which cannot be determined by the Committee or General Meeting or Alternative Dispute Resolution (ADR) mechanism, shall be referred to the Tribunal. Appeals from the aggrieved party shall be referred to the High Court.

## **72 INSPECTION OF DOCUMENTS**

- a) All books of accounts and other records shall at all times be available for inspection to all members of the management and supervisory committee of the society, and to the Commissioner. A copy of the Act, the Rules, the by-laws and the society's Registration certificate.
- b) A list of members excluding details of nominees, shareholdings and loans shall be available for inspection by any member and any other stakeholder upon payment of the prescribed fees.

## **73 DISSOLUTION**

The society shall be dissolved in accordance with the procedures set forth in the Act and Rules.

## **74 MISCELLANEOUS**

- a) No committee member or Supervisory Committee member shall receive from the society any payment apart from sitting allowance, actual cost of travelling and subsistence allowance while working on the Society's business, except an honorarium from the net surplus as allowed in these by-laws.
- b) The committee members, supervisory committee members and employees of the society shall hold in the strictest confidence all transactions of the society with its members and all information in respect to their personal affairs except to the extent deemed necessary by the committee in connection with the making of loans and the collection thereof.
- c) When any Committee member is disqualified or otherwise, unable to perform his duties, the committee may co-opt another member or members of the society to serve on the committee until the next general meeting.
- d) A copy of these by-laws shall be furnished to every member on request upon payment of a fee not exceeding its actual cost to the society.
- e) No committee member or supervisory committee member shall in any manner participate in the deliberations upon or determination of any question affecting his own financial interest. In the event of disqualification of any committee member he shall withdraw from such deliberation or determination, and the remaining qualified committee members present at the meeting, if constituting a quorum may exercise, with respect to the matter, all powers of the committee.

## **75 AMENDMENT OF BY-LAWS**

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

**76 ACCEPTANCE**

We the undersigned Executive officers of .....  
Co-operative Society Limited named herein do hereby accept and receive these by-laws  
for and on behalf of the society.

<b>TITLE</b>	<b>NAME</b>	<b>I.D NO.</b>	<b>SIGNATURE</b>
CHAIRMAN.....			
VICE CHARIMAN .....			
SECRETARY.....			
TREASURER .....			

**OFFICIAL CERTIFICATION**

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

Given under my hand at Nairobi this ..... Day of ..... 20.....

**COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT**