

LEGAL NOTICE NO.

**VIHIGA COUNTY SAVINGS, CREDIT AND COOPERATIVE SOCIETIES (SACCOS)
REGULATIONS 2019**

(SUBSIDIARY LEGISLATION)

IN EXERCISE of the powers conferred upon by Section 34 of the Vihiga County Savings, Credit and Cooperative Societies Act-2019, the County Executive Committee Member responsible for Cooperatives hereby makes the following regulations;

THE SAVINGS, CREDIT AND COOPERATIVE SOCIETIES REGULATIONS 2019

Short Title

1. The regulations may be cited as the Vihiga County Savings Credit and Cooperatives Societies' Regulations 2019

Register of Cooperatives Societies

2. a). The Director shall keep or cause to be kept at his office a record called the "**The Register of Cooperatives Societies**" (here in after referred to as the register) where in shall be entered particulars relating to the registration of cooperative societies and their by-laws and any other amendments thereto.

b). Every entry shall be made by or under the directions of the Director and shall be signed by him and every alteration, interlineations or erasure shall be initiated by the Director.

Application for registration

3. An application for the registration of a cooperative society under section 7 of the Act shall be made to the Director in **Form 1 in the schedule 1** to these regulations and shall be accompanied by an economic appraisal in writing of the viability of the proposed cooperative society and a non-refundable fee of Kenya shillings one thousand.

Certificate of Registration

4. Upon registration of a cooperative society and payment of a fee of Kenya Shillings three thousand, the Director shall forward to the society the following documents;
 - a. A certificate of registration in **Form 11A in Schedule 1** to these regulations or a certificate of provisional registration in **Form 11B**, as the case may be.
 - b. The original by-laws of the cooperatives society as registered by him and certified under his hand as having been registered by him.
 - c. A copy of the Vihiga County Cooperative Societies Act and Regulations made there under
 - d. A copy of the application for registration

Notification of Refusal to Register a Society

5. Where the Director refuses to register a proposed cooperative society or its by-laws, he shall give the applicants his reasons in writing for such refusal within 30 days.

Appeal against Refusal to Register (S11)

6. Any of the applicants may petition the Executive Committee Member responsible for cooperatives against such refusal on paying a fee of Kenya Shillings one thousand

By Laws (S15)

7. (i) a cooperative society shall make by-laws in respect of the following, among other matters;
 - a) Its name
 - b) Its registered office and postal address
 - c) Its area of operation and membership, common bond
 - d) The objects of the society
 - e) The purpose to which its funds may be applied
 - f) The disposal of its accumulated funds
 - g) The qualification for membership, the terms of admission of members and the mode of their admission
 - h) The withdrawal and expulsion of members and the payment, if any, to be made to such members and the time within which such payment shall be made
 - i) The rights, liabilities, and obligations of members
 - j) The transfer of shares or interests of the members
 - k) The manner of raising funds, including the maximum rate of interest on deposits
 - l) Its general meetings, the procedure and quorum of such meetings, power of such meetings and representation and voting at such meetings
 - m) The appointment, suspension and removal of members of the committee and officers and the power and duties of the committee and officers
 - n) The period of its financial year
 - o) The authorization of officers to sign documents on its behalf
 - p) The settlement of disputes

(ii) If the objects of the cooperative society include the creation of funds to be used to lend to its members, by-laws shall also be made in respect of the conditions and other requirements on which loans and advances may be made to members including;

- a. The rate of interest
- b. The maximum amount which may be lent to a member
- c. The extension, renewal and recovery of loans
- d. The period and purpose of loans
- e. The consequences of default in the payment of any sum due

Amendment of by-laws (S16)

8.

(1). Any amendments of by-laws of a cooperative society under section 16 of the Act shall be made by a resolution of the members at a general meeting in respect of which at least fifteen clear days notification of the proposed amendment shall have been given to the members of the society.

(2). No resolution under paragraph 8(1) of this regulation shall be valid and effective unless;

- a. In the case of a cooperative society with unlimited liability, half of the members of the society are present at the meeting and three quarters of them vote in favor of the resolution
- b. In the case of a cooperative society with limited liability, a majority of the members of the society present at the meeting or in writing vote in favor of the resolution

Provided that when written votes are used, the following conditions shall apply;

- i. All members of the society shall have been sent by the secretary or manager of the society voting papers to enable the members within reasonable time before the meeting to record their votes and return them to the secretary or manager; and
- ii. The votes shall have been examined, counted and the results notified to members by the committee

(3). When in pursuance of the provisions of section 16(2) of the Act amendment is sent to the director it shall be accompanied by a certification in Form III in schedule 1 to the regulations together with a copy of the amendment **in quadruplicate**.

(4). Upon registration of such amendment of bylaws, the director shall issue to the society a copy of the amendment duly signed by him on payment of a fee of one thousand Kenya shillings

No Limitation to Number of Members

9. No cooperative society shall fix any limit to the number of its members

Loss of Qualification for Membership

10. Any member of a cooperative society who ceases to qualify for membership of such society under section 17 of the Act, the regulations or the by-laws of the society, shall forthwith cease to be a member of the society and the committee shall direct the secretary or manager to strike his name off the register of members.

Transfer of Shares

11.
 - 1) Subject to the provision of section 23 of the Act and paragraph (3) of this regulation and subject to the approval of the committee a member may transfer his share or shares in a cooperative society to any other member of the society or to any person whose membership of the society has been approved by the committee
 - 2) No transfer of a share in a cooperative society shall be valid and effective until such transfer has been recorded in the register of the society.
 - 3) No transfer of a share or shares in a cooperative society shall be valid and effective if made by a member indebted to a society whether such debt is due for payment or not.
 - 4) When for any reason other than death, a member of a cooperative society registered with limited liability holding deposit from non-members ceases to be a member, he may, subject to section 23 of the Act, transfer his share or shares in such society to another member, or to a proposed member approved by the committee of such society, but he shall not be entitled to repayment from the society of any money paid by him in respect of such share or shares.

Rights of Members (S24)

12. Subject to the provisions of the Act, these regulations and the registered by-laws of the societies concerned, a member of a society may transfer his membership to another registered society.

Approved Budget (S28)

13. No society shall operate without a budget approved by a general meeting

Books to be Kept by a Registered Society

14.

- 1) A cooperative society shall keep up-to-date and in proper businesslike manner such accounts and such books as the director may from time to time either generally or in respect of any particular society or class of societies
- 2) Notwithstanding paragraph (1) of this regulation, every cooperative society shall keep the following books;
 - a) A register of members showing in respect of each member
 - i. The name, age, date of application for membership, postal address and occupation
 - ii. The date he was admitted to membership
 - iii. The date on which he ceased to be a member
 - iv. The appointment, if any, of his nominee(s) in accordance with regulation 35 of these regulations
 - b) A minute book giving details of the proceedings at general meetings
 - c) A minute book giving details of the proceedings at committee meetings
 - d) A cash book showing details of all moneys received and expended or paid out in any way by the society
 - e) A ledger containing such accounts as are necessary to properly record the transactions of the business
 - f) A personal ledger showing transactions of each member with the society including details of produce delivered to the society by each member and the payment made therefore
 - g) An assets register
 - h) A stock control ledger
 - i) A register of charges showing in respect of every charge created by the society the amount of the charge and the person entitled thereto
 - j) A register of loans to members showing in respect of each loan the name of the borrower, the amount borrowed, the purpose of the loan, the due date of payment, and the date the payment is made
 - k) A ledger showing deposits and withdrawals by members
 - l) Such other books as the committee may decide or the director may prescribe

Annual Returns

15. The annual return required to be filed pursuant to section 25 of the Act, shall be in Form IV A in Schedule 1 to these regulations and shall be filed with the Director within four months after the closure of the financial year.

Display of Audited Accounts

16. Every cooperative society shall cause its audited accounts to be displayed in a conspicuous place at its registered office and branches at least two weeks before presentation to its members in the general meeting

Approval of Auditors

17.
 - 1) A person qualified under the Accountants Act wishing to be considered to audit cooperative societies shall make an application in writing to the Director and shall pay a fee of five thousand shillings. Such application may be made annually.
 - 2) The Director may cause the list of auditors approved to audit cooperative societies to be published in the Kenya Gazette

Submission of Audited Accounts to Director

18.
 - 1) The audited accounts required to be submitted to the Director pursuant to Section 29(7) shall be in six copies and in accordance with the requirements specified in Schedule II of these regulations
 - 2) On submission of audited accounts the auditor shall pay the Director a fee equivalent to 0.2% of the audited fee charged subject to a minimum of five hundred shillings
 - 3) The audited accounts shall read together with Director's comments thereon, if any.

Establishment and Control of the Management Fund

19.
 - 1) There is hereby established a fund to be known as the "Management and Supervision Fund" (hereinafter in these Regulations referred to as the Fund) and every registered society shall, unless exempted in writing by the Director, pay into it annually audit and supervision fee
 - 2) The fund shall be administered by the accounting officer who is authorized to accept receipts and to make payments in accordance with the provisions of these regulations.

Provided that the accounting officer shall not make any payment from the Fund unless he holds a cash balance on behalf of the Fund sufficient to cover the payment

- 3) The receipts to the Fund shall consist of;
 - a) Fees under sub regulation (1) as fixed by the Director for the better carrying out of the provisions and purposes of section 29 of the Act
 - b) Ten percent of the audit fees paid by the society to the auditor in respect of the annual accounts in question
 - c) Fees paid under regulation 17 and 18(2)

Accounts of the Fund

20.

- 1) From the annual receipts received by the Fund 50% shall be payable half yearly to the County Government as appropriations-in-aid
- 2) All expenditure from the Fund shall be supported by vouchers and authorized by the Accounting Officer in the same manner as for other County Government expenditure

Annual Audit of Fund

21. The Fund shall be audited annually by the Controller and Auditor General

Quorum of General Meeting

22. The quorum of general meetings of a cooperative society shall be as laid down in the by-laws. Provided that when a meeting is convened by the Director under provisions of Section 31(8) of the Act, members present at such meetings shall be deemed to constitute a quorum

Role of Chairman S31 (9)

23. At all general meetings of a cooperative society the chairman or in his absence the vice chairman or such other person as provided for in the by-laws shall preside. In their absence any person elected by a majority of those present shall preside.

Voting at General Meetings

24.

- 1) Unless otherwise dealt with in the Act, these regulations or by-laws of a cooperative society any question referred to the members present at a meeting shall be decided by a majority of votes
- 2) The chairman shall declare whether every resolution put to the vote has been carried or lost and shall cause an entry to that effect to be made in the minute book of the society which when signed by him shall be conclusive of anything contained therein
- 3) The chairman shall have one vote only and no casting vote
- 4) A resolution on which the voting is equal shall be postponed to a subsequent meeting

The Committee of the Society

25.

- 1) The committee of a society shall be elected for a term of three years and no member shall be elected to the committee for more than two consecutive terms
- 2) The majority members of the committee may for good cause suspend a committee member subject to ratification by a general meeting
- 3) If during the term of office of a committee, a vacancy occurs in the committee, the committee may, and shall if the number of members drops below five, co-opt a member of the society to serve on the committee until the next general meeting of the society
- 4) Elected members of the committee shall be removed by a two-thirds majority of members of the society present and voting at a general meeting
- 5) If a general meeting removes a member of the committee it shall forthwith elect a new member who shall hold office for the remainder of the term of the member so removed. Provided that where the entire committee is removed from office the general meeting may decide to elect or fix a day for election of an interim committee of not more than five members to hold office for a period not exceeding ninety days
- 6) The committee of a registered society shall hold regular meetings at which;
 - i. The minutes of its previous meeting shall be considered and confirmed
 - ii. The accounts, bank books and cash in hand shall be scrutinized and checked, and the committee's observations thereon recorded in the minutes
 - iii. Any current business shall be considered

Board of Representatives

26. A person elected into the committee of a cooperative union or apex society on the basis of his elected position at the affiliate primary cooperative shall cease to be a committee member of the cooperative union or apex society upon being replaced or voted out at the primary cooperative society

Constitution of Board

27.

- 1) Every cooperative union and apex society shall have a board of representatives (herein after referred to as the board) consisting of at least one delegate from each affiliated society elected at its annual general meeting. Provided that no member serving on the committee of a cooperative union may be elected to serve on the board
- 2) A chairman shall be chosen for each meeting from amongst the representatives in attendance at the meeting
- 3) Every representative shall hold office until the next general meeting after his election but shall be eligible for re-election
- 4) If during the currency of office of the board a vacancy occurs such vacancy may be filled by a nominee of the committee of the affiliated society concerned
- 5) The quorum at board meetings shall be two-thirds of the total number of representatives

Meetings of the Board

28. The board shall be empowered to give directions in regard to the business of a cooperative society to the extent that it shall have authority to convene a special general meeting of the society when in disagreement with its committee

29.

- 1) The board may hold a regular quarter yearly meeting at which the minutes of the previous meeting shall be considered and confirmed
- 2) The secretary of the cooperative society shall be secretary at all board meetings
- 3) The committee of the cooperative society shall send to each member of the board agenda and minutes of all meetings of the registered society and communications in respect thereof
- 4) The board shall send to the committee of the registered society agenda and notice specifying date, hour, and place of board meetings and may require the attendance of the committee or any officer of the cooperative society at such meetings
- 5) The board shall send to the Director or his representative at the proper time, notice and agenda of every meeting, all minutes and communications in respect thereof and its recommendations if any

Appointment and Duties of Manager and Other Employees

30.

- 1) Pursuant to Section 33(1) of the Act where a cooperative society employs a manager, his duties will include;
 - i. General management of the society
 - ii. Maintenance and custody of society books, accounts, assets, registers, certificates, society seal, cheque books and other accountable documents
 - iii. Counter-signing societies' cheques, contracts, and other documents
- 2) All employees of a cooperative society shall be appointed in accordance with the terms and conditions of service approved by the Management Committee
- 3) The committee of a cooperative society may, if it deems fit, require the manager and any other officer, on appointment, to give such security as it may determine

Supervisory Committee

31.

- 1) Every society shall have a Supervisory Committee consisting of three members each elected at a general meeting for a period of three years; provided that one member of the supervisory committee shall retire annually
- 2) Notwithstanding the provisions of sub regulation (1) herein any member of the supervisory committee may be removed by a resolution of a general meeting
- 3) The duties of the supervisory committee include;
 - i. Verification of all transactions of the society
 - ii. Writing periodic reports of its findings to be tabled at management committee meetings
 - iii. Submission of its reports to the Director
 - iv. Presenting its reports to the general meeting

Provided that the Supervisory Committee shall not perform the duties or exercise the powers of the Management Committee of the Society

Committee Members to File Indemnity

32.

- 1) Pursuant to section 32(6) of the Act, each committee member shall file an indemnity in Form V in Schedule 1 to these regulations whose amount shall be determined by the general meeting and which shall be lodged with the Director within 14 days of his election to the committee
- 2) A committee member who fails to comply with the requirements of this regulation shall automatically cease to be a member of the committee

Society to Have First Charge

- 33.** Where a society intends to exercise its rights of set-off section 38(1) of the Act, the society shall give 14 days' notice of such intention to the member or past member concerned

Authorization of Deductions

34. Pursuant to section 39 of the Act;

- i. Every member of a cooperative society may fill a deduction authorization form appearing in Schedule 1 to these regulations as Form VI A.
- ii. All cooperative societies receiving deductions from employers shall file monthly remittance returns to the Director not later than the 15th day of every month in form VI B in Schedule 1 of these regulations

Appointment of Nominee

35.

- 1) Every member of a society may appoint his nominee for the purpose of section 44(1) of the Act
- 2) No member of a cooperative society shall be entitled to appoint more than one nominee unless that member holds more than one share
- 3) In any case where more than one nominee is appointed by any member, the number of shares to be transferred to each of these nominees shall be specified at the time of the appointment
- 4) Every appointment of a nominee by any member of a cooperative society shall be made in writing and signed by the member in the presence of two witnesses
- 5) Every appointment of nominee shall be acknowledged by the society
- 6) For the purpose of transfer to a nominee, the value of any share or interest shall be represented by the sum actually paid for that share or interest by the member holding it unless the by-laws of the society otherwise provide

- 7) In all cases where the deceased member is in credit with the society any nominee under this regulation may be paid all dues on evidence of death being produced without awaiting lawful administration of the estate.
- 8) Where any money is paid to a nominee who is a minor, a receipt given either by the minor or by his guardian shall be sufficient discharge to the society
- 9) If for any reason on the death of a member a nominee does not exist, the society may pay any money due to the deceased member to the personal representative or recognized heirs of that deceased member
- 10) In the event of any person so nominated dying or of the member desiring to cancel any such nomination, the member may from time to time nominate in writing another person in the same manner, and the necessary alteration shall be made in the register of members

Copies of Entries

36. For the purpose of section 45(1) of the Act a copy of entry in any book of a cooperative society may be certified as a true copy of such entry by the chairman and one other officer authorized by the committee

Limitation of Borrowing Powers

37.

- 1) A cooperative society which under its by-laws has power to borrow money shall from time to time at a general meeting fix the maximum liability which it may incur in loans or deposits from non-members
- 2) Notifications of the maximum liabilities so fixed shall be sent to the Director in Form VIII in schedule 1 to these regulations
- 3) The maximum so fixed shall be subject to the approval of the Director who may at any time reduce it or impose such conditions as he may deem necessary
- 4) Any member of the society may appeal against the decision of the Director made under sub-regulation(3) to the County Executive Committee Member within 30 days of such decision

Restriction on Borrowing

- 38.** The conditions under which the cooperative society other than a society with authorization under these regulations to operate front office services, may receive deposits and loans from persons who are not members shall be that;
- a) the general meeting is satisfied that the society needs the deposit or loan
 - b) the general meeting is satisfied that the terms of the deposit or loan and the rate of interest are reasonable
 - c) repayment of the deposit or loan is secured to the satisfaction of the general meeting
 - d) the maximum liability fixed under regulation 37 of these regulations is not exceeded; and
 - e) the general meeting has given specific approval for the deposit or loan

Investment of Society Funds

- 39.** Where the society invests in real estate other than for its own accommodation, it shall not hold more than 20% of the equity in the investment or expend a sum exceeding 5% of its share capital in such venture

Duty to maintain Reserve Fund

40.

- 1) Every cooperative society shall pay into the Reserve fund maintained in pursuance to the provisions of section 51(1) of the Act, one fifth of any net surplus resulting from the operations of the society during a financial year
- 2) The reserve fund of a society shall be invested or deposited in the manner provided for in section 47 of the Act and these regulations
- 3) No withdrawals shall be made from the reserve fund of a cooperative society without the consent in writing of the Director and any such withdrawals shall be made good from the net available funds accruing to the society if the Director so directs
- 4) The reserve fund shall be indivisible and no member shall be entitled to claim a specific share of it

Application of Reserve Fund

41.

- 1) The reserve fund shall be kept in a separate account to be known as the "Reserve Fund Account"
- 2) The society shall cause an annual audit of the Reserve Fund Account

42.

1. On the dissolution of a cooperative society the assets represented by the reserve fund shall be applied in the discharge of the liabilities of the society
2. An assets that may remain after discharging the liabilities of the society, including repayment of share capital representing a balance of reserve fund, may be applied to some object of local or public utility as may have been selected by a general meeting of the society; provided that
 - i. If within three months of the dissolution of the society a general meeting fails to select an object, the Director shall cause the funds to be deposited in a bank and on the registration of a new society in substantially the same area as that in which the dissolved society operated, the Director may credit all or part of the funds to the new society; and
 - ii. If within a period of three years from the date of deposit of the funds in a bank no such new cooperative society is formed, the director may apply the funds to an object of local or public utility to be approved by the County Executive Committee Member

Loans to Members

43. No loan shall be made to a member of a cooperative society save in accordance with the conditions laid for the making of such loans in the society's by-laws.

Form of Particulars of Charge

44. The particulars of charge required to be filed pursuant to Section 54 of the Act shall be in Form IX in Schedule 1 to these regulations and shall be accompanied by the instrument creating the charge or a copy thereof, certified to be a true copy under the seal of the society or under the hand of some person interested therein otherwise than on behalf of the society

Register and Chronological Index

45. The register and chronological index required to be kept pursuant to Section 57(1) and (4) of the Act shall be in Form XA and XB respectively in Schedule 1 of these regulations

Certificate of Registration of Charges

46. Upon registration of a charge, the society shall be issued with a certificate or registration of a charge as prescribed in Form XI in the schedule to these regulations; upon payment of a fee of two thousand five hundred shillings. S57(2)

Certificate of Satisfaction of Charges

47. The certificate of satisfaction of charges shall be in the prescribed Form XII as contained in schedule 1 of these regulations. S58

Remuneration of a Receiver or Manager

48. Where a Receiver or Manager is appointed pursuant to section 59(1) of the Act, the Director shall determine his remuneration

Inspection of Documents

49.

- 1) The by-laws, annual returns, audited accounts and balance sheets of every cooperative society and the register of charges shall be open to the public for inspection at the office of the Director on payment of a fee of one thousand shillings for each inspection
- 2) For every inspection made pursuant to section 62(1) of the Act, the fee payable shall be one thousand shillings
- 3) The Director shall upon request and on payment of a fee to be determined by him and not exceeding two thousand shillings for each copy, supply certified copies of the by-laws, annual returns, audited accounts and balance sheet of a cooperative society

Inquiry by the Director

50.

- 1) Any inquiry held pursuant to section 63(1) shall not be conducted continuously for a period exceeding 60 days
- 2) Pursuant to section 63(5) the Director may appoint a chairman of the interim committee
- 3) The committee shall implement the inquiry report and prepare for society elections
- 4) A copy of the inquiry may be issued on application therefore and upon payment of a fee of two thousand shillings
- 5) A person may appeal to the County Executive Committee Member against the rejection of his application for copy of an inquiry report within 30 days of such refusal and a fee of Ksh one thousand shillings shall be paid on the filing of such an appeal

Impromptu Inspections

51. Where the Director exercises powers pursuant to section 66 of the Act;

- i. A report of the inspection shall be filled with the management committee within 14 days of the conclusion of the inspection
- ii. The committee shall act in accordance with the recommendations, if any

Publication of Notice Requiring Claims to be Submitted to the Liquidator

52. A liquidator appointed under section 77 of the Act shall publish in the Gazette and in at least one newspaper circulating in the area in which the society whose registration has been cancelled operates, a notice requiring claims against such society to be submitted to him within two months from the date of such publication of the Gazette

Liquidation Account S.73

53.

- 1) There is hereby established an account to be known as the “Cooperative Societies Liquidation Account” (hereinafter referred to in this regulation as the Liquidation Account) which shall be administered by the Director or his representative
- 2) The following shall be paid into the account;
 - a) All moneys realized in the liquidation where a bank account does not exist at the commencement of the liquidation
 - b) Any unpaid claims on closure of a liquidation; and
 - c) Any surplus balance on closure of a liquidation
3. The following may be paid from the Account;
 - a) Claims, previously unpaid, subject to certification by the Director or a person nominated by him for the purpose, within a period of two years from the date of the closure of the liquidation
 - b) Distribution in any liquidation under paragraph (2)(a) in this regulation
4. The Director may authorize, after the expiration of two years from the date of closure of any liquidation, payment of balances of unpaid claims and surpluses from the Liquidation Account into the Management Fund

Investment in Non-Core Business

54. No cooperative society shall invest in non-core business, except with the approval of the Director and by the general meeting through a special resolution

Suspension of Operations

55.

- 1) Where upon inspection or inquiry, the Director considers that a cooperative society accepting deposits from its members is bankrupt or insolvent, or that it has willfully violated the Act, or is operating in an unsafe or unsound manner, the Director may issue an order temporarily suspending such operations for a period not exceeding 30 days

- 2) The committee shall be given written notice of the suspension, which shall include a list of the reasons for the suspension. Upon receipt of the notice, the society shall cease all operations, except those allowed by the Director. The committee may within the time specified by the Director, show a cause why the suspension of its operations should not continue
- 3) The committee may request for a hearing and may present its proposals on how to remedy the situation in order to resume operations of taking deposits from members
- 4) Upon receipt of evidence that the conditions causing the suspension have been corrected, the Director may revoke the suspension and permit the society to resume normal operations
- 5) If the Director after providing an opportunity for a hearing, rejects the society's plan to continue operation, he may issue an order of involuntary liquidation and appoint a liquidator. If the society fails to answer the suspension notice or to request a hearing within the prescribed time, the director may issue an order of involuntary liquidation and appoint a liquidator and liquidate the society.

Establishment of Front Office

56.

- 1) Every cooperative society operating or intending to operate front office services, shall after a resolution of the general meetings apply in writing to the Director for authorization
- 2) In considering an application for authorization made under paragraph (1) above, the Director shall take into account the following among others;
 - i. Location of the front office
 - ii. Minimum capital (capital base) of the society
 - iii. Risk management systems
 - iv. Size of membership
 - v. Human resources
 - vi. Security
 - vii. Viability
3. All cooperative societies operating front office services shall;
 - a) Maintain a minimum liquidity at 10% of the deposits
 - b) Maintain a minimum capital adequacy and reserves at ten percent of its total liabilities

- c) Maintain such other prudential standards as may be directed by the Director of Cooperative in writing from time to time

Inspection of Front Office

57.

- 1) The Director may of his own accord, and, shall on the direction of the County Executive Member cause a Front Office operation to be inspected by any person authorized by him in writing, on any cooperative society and of its books, accounts and records.
- 2) When an inspection is made under paragraph (1) above, the cooperative society concerned and every officer and employee thereof shall produce all the books, accounts, records and other documents of the cooperative society and such; correspondence, statements and information relating to the society, its business and the conduct thereof as the person making the inspection may require as he may direct in writing: and any failure to produce any books, accounts, records, documents, correspondence, statement or information within the period specified in the relevant direction. Provided that;

All information obtained in the course of the inspection shall be treated as confidential and used solely for the purposes of the Cooperative Societies' Act, Regulations, and By-laws.

The person carrying out an inspection shall submit his report to the Director; and the report shall draw attention to any breach or non-observance of the requirements of the Act, Regulations, and By-laws made thereunder; any irregularity in the manner of conduct of the business of the cooperative society inspected; any apparent mismanagement skills in the society and any matter revealed or discovered in the course of the inspection warranting, in the opinion of the person making the inspection, remedial action or further investigation.

Remedial Measures

58.

- 1) If, at any time, the Director has reason to believe that the business of a cooperative society is being conducted in a manner contrary to or not in compliance with the requirements of the Act or these Regulations or in a manner detrimental to the interests of its members, the Director may;
 - a) Make recommendations to the cooperative society with regard to the conduct of its business generally
 - b) Issue directives regarding the measures to be taken to improve the management or business methods of the cooperative society or to secure or improve compliance
 - c) Appoint a person suitably qualified and competent, to advise and assist the society generally or for the purpose of implementing any directions under paragraph (b) and such officer shall be paid from the funds of the society