



**NKWAZI CO-OPERATIVE
SAVINGS AND CREDIT
SOCIETY LIMITED**

BY- LAWS (REVISED 2023)

Registered under the Co-
operative Societies Act.
Registration Number:
419970003653

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DEFINITIONS

In these By-laws, unless the context otherwise requires: -

"ACT" means the Co-operative Societies Act No. 20 of 1998 and any amendments thereto, and any other law replacing it.

"BOARD OF DIRECTOR" means the governing body, of **NKWAZI CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED** to whom the supervision and direction of its affairs are entrusted by the members.

"BY-LAWS" means these By-laws for **NKWAZI CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED**

"CO-OPERATIVE" means 'Society' and 'Credit Union' hereunder.

"DIVIDENDS" means a share of the net-surplus of the Society divided amongst the members in proportion to the use made of the services of the Co-operative or the value of labour provided by members.

"IMPROPRIETY" means conduct that is not considered correct, moral, or appropriate according to these By-laws.

"NON-MEMBER" means a person not being a member who uses the services of the Society to such an extent as provided for in these By-laws.

"NKWAZI" means the "Co-operative", in this respect, **Nkwazi Co-operative Savings and Credit Society Limited**

"RESOLUTION" means a resolution passed by a majority of the members/delegates at a duly convened meeting of the Society.

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"REGISTRAR" means the Registrar of Co-operatives.

"SOCIETY" means the "Co-operative", in this respect, *Nkwazi Co-operative Savings and Credit Society Limited*

"SACCO" means the "Savings and Credit Cooperative", in this respect, *Nkwazi Co-operative Savings and Credit Society Limited*

All other words or phrases shall be defined or interpreted in accordance with the Co-operative Societies Act or any Law replacing it.

All questions concerning interpretation of these By-laws or any other matter not provided for herein, errors and omissions shall be referred to the Registrar whose decision thereafter shall be final and conclusive.

PREAMBLE

These are revised by-laws relating to the regulations of the Nkwazi Co-operative Savings and Credit Society Limited, to repeal the by-laws registered on 24/07/97 and all the amendments thereto, to provide for matters connected with or incidental to the foregoing, as amended by the resolution of the Extraordinary General Meeting of Nkwazi Co-operative held on 25th November 2023 at Best Western Plus Hotel and on 16th December 2023 at Protea Arcades Hotel, Lusaka, Zambia.

STATEMENT ON THE CO-OPERATIVE IDENTITY

Definition

A Co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Values



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Co-operatives are based on the values of self-help, self-responsibility, democracy, equality and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The co-operative principles are guidelines by which Nkwazi Co-operative Savings and Credit Society Limited values are put into practice. These principles are as follows:

1st Principle: Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd principle: Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the Cooperative. Members usually receive compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise

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capital from external sources, they do so on terms that ensure democratic control by their members and maintain their Co-operative autonomy.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders about the nature and benefits of Co-operative.

6th Principle: Cooperation among Cooperatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

1. NAME AND ADDRESS

- 1.1. The name of this association is:

NKWAZI CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
hereinafter referred to as **NKWAZI** or the Credit Union

- 1.2. Its certificate of Registration is NO. **419970003653** issued on **24th July, 1997** by the Registrar of Co-operatives.

- 1.3. Its postal address is:

Nkwazi Co-operative Savings and Credit Society Limited
P.O. BOX 50547
LUSAKA
Zambia.



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- 1.4. The registered Office of Nkwazi Co-operative Savings and Credit Society Limited is situated at Plot No. 36, Senama Park, off Twin Palm Road, Ibex Hill in the City of Lusaka.
- 1.5. NKWAZI shall focus its activities among the employees of the U.S. Embassy and all its agencies including former employees of existing member organisations who are still saving with NKWAZI within the entire Republic of Zambia. However, the society shall extend its services to employees of other U.S. Government funded projects, Donor agencies and Non-Governmental Organisations that may show interest, stability, low risk and meet the objectives of NKWAZI, subject to approval by the Board of Directors of NKWAZI.

2. OBJECTIVE

- 2.1. The objective for which Nkwazi Co-operative Savings and Credit Society Limited was established is to promote and upgrade the standards of its members with a bid to improve their livelihoods economically and socially by undertaking any or all of the following objects/activities.

3. OBJECTS

- 3.1. The objectives of Nkwazi shall be as follows:
- i. To encourage thrift among members and promote the habit of saving through the co-operative.
 - ii. To provide a source of funds by accumulating the savings stated in 2.01 above from which members can borrow for productive and provident purposes.
 - iii. To act as an agent between lending institutions/and-financing agencies and its individual members.
 - iv. To encourage individual members to engage in business ventures not prohibited by Law to enhance the objective of NKWAZI as stated in 2.02 above.
 - v. To provide educational and training services to its members and staff in the field of its objectives and operations such as information about its products and services. Nkwazi shall also engage in disseminating health-related information in order to promote good health among members and their families.

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- vi. To finance undertakings mainly by capital contributions from its members and also funds created by the credit union's business activities. However, Nkwazi shall solicit for funds from donors and reputable creditors including the government for specific programs and projects for the development and advancement of Nkwazi Co-operative Savings and Credit Society Limited, its individual members with their families and any other identified community that may be in need of charitable service.
- vii. In carrying out the above-mentioned objects and activities, NKWAZI shall undertake any other kind of activities necessary for the conduct of the stated objects and interests of its members such as acquiring and owning land, buildings, machinery and other moveable or immovable assets. For the purpose of raising enough funds to pay for overhead costs, Nkwazi Co-operative Savings and Credit Society Limited shall engage in some business ventures permissible by law and approved by members.

4. MEMBERSHIP ELIGIBILITY

- 4.1. The following individuals who have fulfilled the membership conditions in accordance with these By-laws shall be eligible for membership: -
- a) Individual Members
 - i. Members who signed the application for registration provided that they comply with these By-laws as provided for in clause 1.5 above.
 - ii. Members subsequently admitted in accordance with these By-laws.
 - iii. Members are eligible to continue as Nkwazi members in the event that the Memorandum of Understanding (MOU) ceases to exist or there is change of employer or retirement.
 - b) Qualifying Organisations
 - i. Qualifying Organizations in line with the Co-operative Societies Act.
- 4.2. Notwithstanding By-law 4.1. above, the Society shall have the minimum of thirty (30) Individual members;
- 4.3. Membership will be drawn from organisations as stated in 1.5 above.
- 4.4. Application for membership shall be made in writing to the Board of Directors of Nkwazi with a non-refundable application fee.

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- 4.5. The Board of Directors reserves the right to accept or reject admittance to membership of any applicant. Aggrieved applicants have the right to appeal to the Registrar of Co-operative Societies.
- 4.6. All members shall have the following obligations and rights in the Nkwazi Co-operative Savings and Credit Society Limited:
- a) Purchase two hundred (200) shares in the society as subscribed in these By-laws;
 - b) Observe the Co-operative Societies Act, the Co-operative Regulations, these By-laws and the Resolutions passed at a duly constituted General Meetings of Nkwazi Co-operative Savings and Credit Society Limited;
 - c) Make savings with the Society per year as provided for in the Nkwazi Savings policy;
 - d) Participate in the development of Nkwazi Co-operative Savings and Credit Society Limited in pursuant to the objects as stipulated in these By-laws;
 - e) To attend and participate in the events of the General Meetings of the Cooperative and take part in the elections;
 - f) To give, obtain and share information regarding the functions and operations of both the member and the community within the employment of the organisations stipulated in clause 1.05.
- 4.7. Membership of the Nkwazi Co-operative Savings and Credit Society Limited may be terminated in any of the following circumstances:
- a) Resignation or withdrawal from membership;
 - b) Expulsion in accordance with By-law 4.10 hereunder,
 - c) By notice of being liquidated, winding up or its registration being cancelled by the Registrar of Co-operative Societies.
- 4.8. Any member may be suspended from the Society by the Board of Directors and be recommended for expulsion to the Annual General Meeting (AGM) for any of the following:
- a) Any action, which may be considered by the Society Board of Directors to be disloyal or contrary to the interests of Nkwazi Co-operative Savings and Credit Society Limited or deceive its officers or employees or allowing such action to be done; and

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- b) Any action, which the Board may consider likely to defeat, frustrate or hinder the objects of Nkwazi Co-operative Savings and Credit Society as defined in these By-laws.
- 4.9. A suspended member will have no rights of membership in the credit union until such time the suspension has been lifted.
- 4.10. Only the General Meetings of Nkwazi Co-operative Savings and Credit Society Limited will consider the expulsion of members on recommendation from its Board of Directors.
- 4.11. Expelled members shall forfeit rights and benefits of the Nkwazi Co-operative Savings and Credit Society Limited with effect from the date of the expulsion in accordance with the Act.
- 4.12. Notwithstanding By-law 4.9. above, a member who has served a suspension after being found wanting of financial or non-financial impropriety will lose his/her right to hold any position on the Nkwazi Board for life.

5. SHARES AND FUNDS OF THE SOCIETY

- 5.1. The share capital of Nkwazi Co-operative Savings and Credit Society Limited shall be the total nominal value of shares issued at any given time:
- a) The value of each share in the Credit Union shall be Fifty Kwacha (K50.00) each;
 - b) Each member shall hold two hundred (200) shares at a prescribed share value of (K10,000.00) and shall be known as a member's full shareholding value.
 - c) Only a fully paid-up member shall exercise the full rights to membership such as accessing loans, voting at the AGM and aspire to be elected to any leadership position.
- 5.2. The funds of Nkwazi Co-operative Savings and Credit Society Limited shall consist of:
- a) Undetermined number of members shares to the value of fifty Kwacha (K50. 00) each;
 - b) Membership annual contributions, if any, to be determined by the AGM from time to time;
 - c) Member application fees.



- d) Members' savings, deposits, loans and processing fees;
 - e) Undetermined amounts of business stocks and cash;
 - f) Society deposits with the Bank(s);
 - g) Statutory reserves and surpluses;
 - h) Any other income derived from some business operations of NKWAZI;
 - i) Grants and donations received from donors, business houses and well-wishers.
- 5.3. The society shall hold in-trust the individual member savings account, which is part of the core business activity for which the members formed the society.
- 5.4. The society shall maintain a cash reserve of 10% of its liabilities to meet any withdraws from shares and deposits.
- 5.5. Withdrawals from members' Savings Accounts shall be discouraged and instead members shall be encouraged to:

SAVE REGULARLY!

BORROW WISELY! and

REPAY PROMPTLY!

However, withdrawals from members' Savings Accounts shall require a written notice to the Board of not less than seven days, and a member must be advised that his/her borrowing power is being reduced.

- 5.6. Withdrawals on death of a member, NKWAZI shall;
- a) At the wish of a deceased member or personal representative of the deceased member (as the case may be) , transfer the shares or other interests of the deceased member to a nominated person or the appointed personal representative of the deceased member so appointed in accordance with the Laws on Succession as may be applicable to Zambia at the time of the deceased's member's death; or
 - b) Pay to the nominated person or the personal representative of the deceased member, as the case may, a sum representing the value of such member's share (s) or other interests, as may be accrued in accordance with these By-laws.

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- 5.7. In addition to (a) and (b) above, NKWAZI shall further pay, to the legal representative of that member, all other moneys due to a deceased member from NKWAZI.
- 5.8. There shall be a benevolent fund grant paid to the deceased family of a sum or amount as approved by Nkwazi Board.
- 5.9. Sums standing in the member's Savings Accounts shall receive an interest not exceeding the interest charged by the co-operative on loans.
- 5.10. Any loan given by Nkwazi shall not exceed 8% of its paid-up capital. Nkwazi shall account for the mandatory stipulations of the Act concerning the maximum amount that can be loaned out.
- 5.11. Nkwazi may allow for the granting of a loan comprising more than 8% of its paid-up capital purely on commercial terms, provided that the total money lent does not, at any time, exceed one-quarter of the paid-up capital, surplus and deposits.
- 5.12. All loan transactions between Nkwazi and the members shall be conducted on Loan Conditions to be designed by the Board of Directors and subject to change from time to time. The Board of Directors will also determine the rate of interest on Loans from time to time.
- a) In the event of changes to loan interest rates, the Board will circulate a loan policy to the members prior to implementation of new interest rates, for the awareness of members.
- b) The Board will develop and circulate membership and savings policies to the members.
- 5.13. The Board of Directors shall develop other service products to members and the society in general other than Savings and Loans policy, such as investments in various sectors of the National Economy as long as is permissible by Law.

6. DISPOSAL OF THE NET SURPLUS

- 6.1. The net surplus arising from the operations of the Society during any financial year shall be distributed as follows:

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- a) The Savings shall receive interest at not more than the interest charged on loans to members.
- b) 6 % or less shall be paid as interest on subscribed shares stated in By-Law 4.01 above.
- c) The patronage bonus (especially on loans issued) shall be paid to members on recommendations of the Board to the AGM for approval based upon audited financials.
- d) Paying of honoraria to retiring Board of Directors shall be paid on recommendation by the Board of Directors. However, an honorarium is NOT a right but rather a token of appreciation to be determined by the remaining Board of Directors on merit.

7. ALLOCATION OF SURPLUS RESERVES.

- 7.1. The balance of net surplus or deficit after Dividends, Interest and honorarium stated in 6.1. will be distributed as follows:
- a) Not less than 10% shall be set aside to the **RESERVE FUND** to hedge against future possible losses.
 - b) Not less than 20% shall be set aside to the **INVESTMENT FUND** for future investment purposes as the Board of Directors deem fit.
 - c) Not more than 70% shall be allocated to eligible members in proportion to the average savings of each member during the financial year in which the surplus was realised. The allocation is for purposes of tracing the member's equity growth contribution in each year and not for immediate cash pay-out. However, the fund allocated is payable to a member within a period of one (1) year from the date of cessation of membership. This shall be premised on audited financial statements for the year.
- 7.2. All decisions on the distribution of profits shall take into account the financial viability and sustainability of the Co-operative. The Board of Directors shall adopt a policy of consistent re-evaluation of assets including land and buildings for purposes of incorporating a fair value thereof in the financial statements.

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8. TRADE/BUSINESS WITH NON-MEMBERS

- 8.1. Nkwazi Co-operative Savings and Credit Society Limited shall do business with non-members, but non-members shall not have the right or claim of services if such services are limited and are reserved for members only.
- 8.2. Trade or business done with non-members will NOT attract any dividends or bonus, nor any benefit of the NKWAZI arising from the surplus of annual operations.

9. THE ORGANISATIONAL SET-UP

- 9.1. The governing organs of NKWAZI Cooperative Saving and Credit Society limited are as follows:
- a) **The Annual General Meeting** - Comprising all paid-up members of the Nkwazi Co- operative Savings and Credit Society Limited.
 - b) **The Board of Directors** - Elected by members at duly constituted Annual General Meetings (AGMs);
 - c) **The Management** - Employed for the day-to-day functions and operations of NKWAZI.
- 9.2. Only paid-up members are eligible to bodies mentioned in By-law 9.1. (a) and (b) above. The management shall be employed on merit from the members of the public.
- 9.3. For the purpose of scrutinising the business and operations of the Society, auditors will be appointed on an annual basis by the AGM on terms and conditions to be set by the Board and agreed by the two parties concerned.
- 9.4. The Board shall be divided into three committees namely:
- i. **THE EXECUTIVE COMMITTEE**
 - ii. **THE CREDIT COMMITTEE**
 - iii. **THE EDUCATION COMMITTEE**
- 9.5. The Board shall have auxiliary committees formed from the general membership and non-members who are subject matter experts:
- I. **Audit and Supervisory Committee**

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II. Investment Committee

- 9.6. The Society may appoint any other committee to carry out specific duties and functions of Nkwazi Co-operative Savings and Credit Society Limited as shall be deemed necessary by the Annual General Meeting. Such committees if put in place shall have a period of stay as may be directed by the Annual General Meeting.

10. GENERAL MEETINGS

- 10.1. The supremacy of the Nkwazi Co-operative Savings and Credit Society Limited shall be vested in the General Meetings, which shall be held at least once every year for the AGM but not more than thrice for the Extra-ordinary General Meetings (EGM).
- 10.2. The quorum at General Meetings shall be 25% of the total number of the voting members.
- 10.3. The order of business at the AGM of Nkwazi Co-operative Savings and Credit Society Limited shall include: -
- a) Registration and call to order by the rapporteur of the AGM;
 - b) Opening Remarks by the Chairperson;
 - c) Reading and approval or correction of the minutes of the last AGM;
 - d) Business arising out of the previous minutes;
 - e) Reports of the Board of Directors and other Committees;
 - f) Report of the Auditors if any;
 - g) Adoption and confirmation of the Auditors report;
 - h) Adoption or other disposal of reports;
 - i) Apportionment of the Net Surplus as recommended by the Directors according to the By-laws and the Act;
 - j) Motions from members to the General Meeting prepared in accordance with the By-laws;
 - k) Amendments to By-Laws if any;
 - l) Appointment of Auditors where required;
 - m) Decisions regarding remunerations to the Board of Directors;
 - n) Elections of the Board of Directors;
 - o) Any other business.

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11. BOARD OF DIRECTORS

- 11.1. The number of elected Board of Directors of the Society shall be nine (09) of which three (3) directors shall have a strong background of accounting/finance/marketing/banking/Economics or any business or management qualification or hands on practice of any of the above referenced professions.
- 11.2. The AGM of Nkwazi Co-operative Savings and Credit Society Limited shall cause the elections of the Board of Directors and shall elect from among them the Chairperson, Vice Chairperson, Secretary and Treasurer for a period of one year only but shall be eligible for re-election. Directors from the US Government will make up 6 members of board composition while other organisations will make up 3 members of board composition. In an event that this criterion is not met, candidates to the Board will be drawn from other participating members.
- 11.3. The chairperson/vice-chairperson of Nkwazi society must not occupy the same position in any other society, and must not be an employee of Nkwazi
- 11.4. Directors shall be elected for a term of three (3) years in office;
- a) At every AGM, the Directors that have served for three (3) year tenure MUST retire.
 - b) A member or delegate shall have one vote at the AGM of a co-operative society to elect a Director.
- 11.5. Retiring Board of Directors may be re-elected but shall not serve for more than six consecutive years without stepping down for at least one year.
- 11.6. A retiring Director shall receive a honoraria per term served not exceeding two (2) times the existing board allowance for each year served and based on availability of funds.
- 11.7. Any Nkwazi member who wants to serve on the Board of Directors, should have been a member of the cooperative for more than two (2) years. Board members will be chosen from individuals within the Nkwazi membership who have exhibited a desire to serve. They should be highly motivated individuals committed to the furtherance of Nkwazi objectives.
- 11.8. The Nkwazi Board will be represented by individuals with varying work experience and educational backgrounds and who can offer a variety of perspectives on Nkwazi business issues. Thus, there is an expectation that all Directors of the Nkwazi board will:

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- a) Keep commitments and follow through on assignments.
- b) Have basic financial understanding.
- c) Must be in good financial standing.

Qualifications for a Board Chairperson/Vice Chairperson;

11.9. In order to fill the Chairperson position for the Board of Directors, a candidate must possess the following minimum qualifications:

- a) Must serve on the existing board for not less than one year.
- b) Demonstrated breadth and depth of management and leadership experience, preferable in a senior leadership role in a reputable organisation.
- c) Financial and/or business acumen
- d) Integrity and high ethical standards

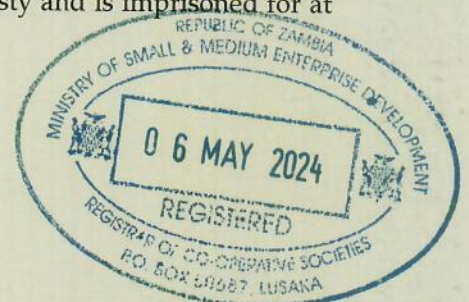
12. VACATION OF OFFICE OF DIRECTOR

12.1. A member of the Board shall cease to hold office if: -

i. Such circumstance arise as would, if she/he was not a member of the Board, disqualify her/him for election or appointment as such or;

- a) She/he becomes of unsound mind or;
- b) She/he accepts an office of profit in the Society or receives any honoraria without the written sanction of the Board or;
- c) For good reasons She/he is removed by a two thirds majority at any AGM called for that purpose;
- d) She/he is absent without good cause and without the permission of the Board from three (3) consecutive meetings of the Board;
- e) Is convicted in court of Law for any dishonesty and is imprisoned for at least three (3) months or more;
- f) Resigns from the Board in writing;
- g) Death of a board member.

12.2. In addition to (1) above the following will also apply: -



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- a) Any action, which may be considered by the Board to be disloyal or contrary to the interest of the Society or deceive its officers or employees or allow any such action to be done on a member's behalf.
 - b) Any action, which the Board of Directors consider likely to defeat, frustrate or hinder the objects of the Society as defined in the By-laws or for any other reason.
- 12.3. The Board of Directors shall exercise discretion to remove any Director from office at any time, who dishonestly misconduct her/himself or commit an offence which is prejudicial to the attainment of the objects of the Society as specified in By-law 3.1. above.
- 12.4. Notwithstanding section 12.1 Nkwazi, at a general meeting may, by resolution passed by at least two-thirds of the members or delegates present, remove any director before the expiration of the term of office of that director and may fill the vacancy created by such removal—
- (a) by appointing another director; or
 - (b) by appointing another board where all the directors are removed.

13. CO-OPTION TO THE BOARD FOR VACANT SEATS

- 13.1. The Board shall take action to obtain the election or appointment of a successor of the member who ceases to be a member under the provisions of the By-laws (12.1 a-g and 12.2 a-b) above. Such a decision shall be made at a meeting that should be convened within three months of a vacancy.

14. CONFIDENTIALITY

- 14.1. The members of the Board of Directors and Committees, and all other officers of the Nkwazi Society shall;
- a) Hold in confidence all transactions between NKWAZI and its members; and
 - b) Comply with and/or cause the NKWAZI to comply with the provisions of Data Protections and any amendments with regard to members' data and information.

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15. CONFLICT OF INTEREST

- 15.1. No member of the Board of Directors or any Committee or any other officer of the Nkwazi Society, shall in any manner participate in the deliberations and determination of any question affecting his/her financial interest. In the event of conflict interest, the member SHALL declare conflict of interest in writing to the board chairperson.

16. POWERS AND DUTIES OF THE BOARD OF DIRECTORS.

- 16.1. The following shall be the powers and duties of the Board of Directors:
- a) Develop and implement a board charter to govern its internal operations and procedures.
 - b) Direct the affairs of the Nkwazi Society.
 - c) Provide visionary leadership by providing strategic directions on the SACCO business without engaging in operational activities of the Nkwazi Society.
- 16.2. The business of the Nkwazi Co-operative Savings and Credit Society Limited shall be supervised by the Board of Directors, which shall have and may exercise all the powers and functions conferred on the Society in accordance with the Co-operative Societies Act, Rules and these By-Laws. In addition to the above, the Board shall do the following:
- i. Appoint a General Manager to whom it delegates the authority and responsibility for managing the Society's operations. The board may authorise the General Manager to employ any additional persons needed to administer the business of Nkwazi Society.
 - ii. Decide on remunerations and other Conditions of employment for staff.
 - iii. Decide in matters of principles or great financial Importance such as: Change in the Society area of operations; Aims and plans in General for the Society including long term and short-term estimates;
 - iv. Approve interest rates on loans, terms of payment or amortisation of loans from time to time as recommended by the Nkwazi Society's management.
 - v. Purchase or sale of real estates, access loans or mortgages.

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- vi. Circulate annual audited financial statements of the Nkwazi Society to the Annual General Meeting together with proposals for the disposal of net surplus, if any.
- 16.3. The Board shall exercise discretion to form a subsidiary Company or Companies in the interest of Nkwazi Society.
- 16.4. The Board of Directors shall Exercise, discretion to remove any Board of Director from office at any time, who dishonestly misconduct her/himself or commit an offence which is prejudicial to the attainment of the objects of the Society as specified in By-law 12.3. above.
- 16.5. The Secretariat shall take Minutes for Board meetings to be kept at head office.
- 16.6. Subject to these By-Laws, the Board may execute such powers of the Society that are not mentioned by the Act and the Rules to be exercised by resolutions of the members in the Annual General Meeting.

17. BOARD EVALUATION/ASSESSMENT

- 17.1. The Nkwazi board shall undertake an annual assessment of its own performance and that of its committees. The assessment will be done using individual and committee self-evaluation forms, which will be reviewed and evaluated by the Board Chairperson who will in turn make recommendations to the board.

18. CREDIT UNION COMMITTEES

- 18.1. The Board of NKWAZI shall allow itself the formation of appropriate committees referred in By-law 9.4 above to deal with specific matters or duties of the credit union:

A. THE EXECUTIVE COMMITTEE:

The Executive Committee shall comprise the Chairperson, the Secretary and the Treasurer. The Duties of the Executive Committee shall include the following:

General Role:

Responsible for both administration and operation policies.

Specific Duties

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- a) Review and make recommendations to the board on the financial plans of the SACCO, ensuring its adequacy and soundness in providing for its current operations and long-term stability.
- b) Review periodic financial statements of the SACCO before submission to the board;
- c) Monitor the management's adherence to the procurement plans approved by the board;
- d) Ensure the SACCO has liquidity management policies;
- e) Review loan interest rates and other levies proposed by the management and make recommendations to the board for approval;
- f) Review the organisational structure of the SACCO and ensure it's manned by staff with relevant skills and experience;
- g) Ensure the management adheres to the approved human resource and related policies;
- h) Sign on behalf of the society bank transactions (Society's bank accounts) and other official transactions and documents;
- i) Review remuneration of management and staff;
- j) Ensure that periodic reviews of staff performance are conducted;

B. THE EDUCATION COMMITTEE:

The Education Committee shall comprise three board members. The Vice-Chairperson shall chair the committee. Its duties among others shall be to:

- a) Review and recommend education programs for members, board members, and the general public for approval by the board.
- b) Monitor implementation of educational programs formulated to ensure that the members and the board are well trained and prepared for the tasks they are entrusted with.
- c) Ensure production and acquisition of literature including periodical Magazines, brochures and flyers etc.
- d) Ensure allocation of funds for educational purposes and apply funds for the benefit of society.

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- e) Advise the board and update members on all matters of education and information.
- f) Identify, collect, disseminate and publish Co-operative news for the benefit of Nkwazi society.
- g) Review customer feedback and satisfaction surveys.
- h) Perform any other duties that may be assigned by the Board of Directors.

C. THE CREDIT COMMITTEE

There shall be a Credit Committee of the Board, which shall consist of not more than three (3) members of which the head shall have a minimum academic qualification in finance or risk management.

The credit committee shall perform the following duties;

- a) Ensuring the establishment and review of appropriate credit and risk management policies consistent with the relevant provisions of the cooperative society Act and these By-Laws.
Regularly assessing the loan quality of Nkwazi Society to ensure that the portfolio at risk is within tolerable level;
- b) Receiving and considering reports and recommendations from the secretariat.
- c) Ensure that delinquent loan accounts are adequately identified and classified as prescribed in the loan policy.
- d) Ensure adequate provisions for potential loss is maintained;
- e) Review annual loan portfolio reports of Nkwazi Society before submission to the AGM.

D. THE INVESTMENT COMMITTEE

As and when need arises, Nkwazi Society may establish the investment committee approved by the AGM.

The committee shall comprise (3) members from the general membership.

The primary role of the investment committee is to provide technical investment proposals to the board.

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- a) All members of the committee must have relevant qualifications/experience in investments.
- b) The Board may appoint a non-member of Nkwazi Society to the Committee on terms and conditions it may determine.

The duties of the committee are as follows:

- i) Develop and maintain an investment strategy according to the Cooperative's risk framework, financial needs and policies of the Cooperative on Reserves.
- ii) Assess the cost benefit analysis of potential investments, considering key risks and the short- and long-term impacts and ensuring the necessary mitigation controls are implemented.
- iii) Support the Board in ensuring effective risk management oversight insofar as it relates to capital investments.
- iv) Any other investment related business as delegated by the board.

E. THE SUPERVISORY AND AUDIT COMMITTEE

a. Authority of the Supervisory and Audit Committee

The Supervisory and Audit Committee is responsible for compliance, internal controls, transparency, accuracy of the financial statements, and for making sure that administrative practices and procedures are adequate to safeguard the members' funds, rights, and interests.

b. Meetings of the Supervisory and Audit Committee

The Supervisory Committee shall meet quarterly. The Committee shall present its work to the Board of Directors as well as to members at Annual General Meeting.

c. Election of the Supervisory and Audit Committee

- i. Two Members of the Supervisory and Audit Committee shall be elected at the AGM and One Member will be appointed by the Board of Directors.
- ii. Terms of office of the Committee will be the same as that of the Board of Directors.

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- iii. The Supervisory and Audit Committee members shall choose from among them a committee Chairperson and a Secretary. The Secretary of the Supervisory Committee shall prepare, maintain, and keep records at the Secretariat of all actions taken.
- iv. The members of the Supervisory and Audit Committee must be independent of the Board of Directors.
- v. At least one member of the Supervisory and Audit Committee must have an educational background or experience in auditing and finance.

d. Duties of the Supervisory and Audit Committee

The following are the duties of the Supervisory and Audit Committee:

- i. Review management reports, and reports from the internal and external auditors concerning deviations and weaknesses in accounting and operational controls.
- ii. Ensure proper interpretation and implementation of Nkwazi By-laws, Co-operative Societies Act and Regulations.
- iii. Manage the Nkwazi electoral process in collaboration with the Registrar of Co-operatives.
- iv. Manage nomination process; review skills, capabilities and qualifications of those seeking to join the board.
- v. Play a vital role in corporate governance and monitor the ethical conduct of Nkwazi Society and consider the development of ethical standards.
- vi. Enhance internal controls that ensure that the financial reporting process is accurate and effective.
- vii. In liaison with the external auditors conduct periodic internal audits by performing the following:
 - a) Evaluate internal operations and controls;
 - b) Make recommendations in writing regarding accounting and internal control procedures;

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- c) Follow-up on the recommendations to ensure that the necessary changes have been made;

e. Liability of the Supervisory and Audit Committee

Despite its total independence from the Nkwazi Cooperative's administrators, the Supervisory Committee members are jointly liable for the non-performance of duties, whether resulting from the lack of supervision or negligence in noticing illegal and fraudulent acts.

19. QUALIFICATIONS AND DUTIES OF A BOARD CHAIRPERSON

- 19.1. The Board Chairperson is responsible for providing visionary leadership and strategic direction of the Board of Nkwazi Society.

Qualifications / Attributes of the Chairperson

- a) Must have served on the current board for not less than one year.
- b) Management and leadership experience in a reputable organisation.
- c) Financial or business acumen.
- d) Integrity and high ethical standards.
- e) Sufficient time to devote to Nkwazi business.
- f) Able to exercise objectivity in decision making and work collaboratively.
- g) Ability to network with people in many circles to broaden the reach of Nkwazi.

Duties of the Chairperson

The Chairperson shall preside at the opening and closing of all meetings of the Nkwazi Co-operative Savings and Credit Society Limited, unless unavoidably prevented from doing so.

His/her duties shall include:

- a) Ensuring that all orders and resolutions of the Board are carried into effect;
- b) Presenting to the AGM the Directors Report on the affairs of Nkwazi Co-operative Savings and Credit Society Limited;

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- c) Signing or countersigning Cheques, digital payment banking platforms, Notes, Bills of Exchange and other negotiable instruments for carrying on the business of NKWAZI. Unless some other person or persons are authorised to do so by resolution of the Board of Directors;
- d) Carrying out all duties incidental to the office of the Chairperson in accordance with By-Laws for the furtherance of the affairs and objects of the Society.
- e) Call for meetings, in consultation with the General Manager and Board Secretary.
- f) Ensuring that the Board as a whole plays a full and constructive part in the development and implementation of the Nkwazi strategies and policies.
- g) Establish and maintain good corporate governance practices and procedures.

20. DUTIES OF VICE CHAIRPERSON

20.1. In the absence or inability of the Chairperson to carry out his/her duties, all the rights and powers of the Chairperson shall for that time being be vested in the Vice Chairperson: -

- a) The Vice-Chairperson shall assist the Chairperson in performing his/her duties and responsibilities;
- b) The Vice Chairperson shall act in the place of the Chairperson of the Board and shall assume his/her duties;
- c) Sign for and on behalf of NKWAZI such documents and cheques as may be delegated by the Chairperson.

21. QUALIFICATIONS OF THE BOARD TREASURER

21.1. The Treasurer of Nkwazi Society shall be elected from amongst the members of the Board of Directors, with knowledge and experience of accounting or financial matters;

21.2. The Treasurer must:

- a) Possess a minimum qualification in accountancy such as bachelors in accountancy or equivalent.
- b) Be a member of Zambia Institute of Chartered Accountancy ("ZICA").
- c) Have a minimum two years relevant experience in accounting, financial management and financial analysis.

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21.3. Duties of the Treasurer

The Duties of the treasurer will include the following;

- a) Managing or causing to be managed, the financial and accounting affairs and transactions of Nkwazi Society.
- b) Conduct review and approve loans payments above the secretariat delegated threshold and staff related expenses.
- c) Monitor the Co-operatives' financial information monthly, quarterly and annually.
- d) Signing or counter-signing documents, contracts and cheques in accordance with these By-Laws and the financial policies and procedure of Nkwazi Society.
- e) Present a summary of the financial position of the Co-operative to members at the AGM.

22. MEETING OF THE BOARD

- 22.1. The full Board shall meet quarterly unless in unavoidable circumstances when Special Board Meetings may be called.

23. QUORUM AT BOARD MEETING

- 23.1. The number of the members of the Board of Directors required to form a quorum at a meeting shall not be less than one-half of the number of directors one of whom must be either the Chairperson or the Vice Chairperson.

24. SPECIAL ORDINARY BOARD MEETING

- 24.1. This meeting shall be called in exceptional circumstances where pertinent issues need to be discussed which may not be easily resolved by circulation and cannot wait for the next scheduled board meeting.

25. SPECIAL REQUISITION BOARD MEETING

- 25.1. The Directors may, at the requisition of not less than five (5) members of the Board, convene a Special meeting. Such requisitions must state the objectives of the meeting and signed by the requisitioners and deposited at the secretariat.

26. NOTICE OF MEETINGS

- 26.1. Nkwazi Society shall give notices for meetings to the members as follows;

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- a) General Meeting - 21 Days
- b) Extra Ordinary General Meeting - 14 Days
- c) Board Meeting - 7 Days
- d) Special Board Meeting - 3 Days

27. PROCEDURES AT MEETINGS

27.1. The Board may make standing orders for regulating the conduct of business and the procedure at its meetings.

28. VOTING BY CHAIRPERSON

28.1. The Chairperson of the meeting shall have a casting or deciding vote in case of a tie.

29. REMUNERATION AND EXPENSES OF BOARD MEMBERS

29.1. The Members of the Board shall be paid out of the funds of the Nkwazi Co-operative Savings and Credit Society Limited, remuneration proposed by the Board of Directors and approved by the members of the NKWAZI at the AGM and in accordance with the Co-operative Societies Act, Rules and these By-Laws; which shall include travelling and other expenses as may have reasonably been incurred by the members by reason of their office.

30. LIABILITY OF MEMBERS OF THE BOARD

30.1. No member of the Board or a person co-opted to serve on the Board shall be personally liable for any act or default of the Board done or omitted to be done in good faith and without negligence in the course of the operation of the Board

30.2. Notwithstanding 30.1., section 45 of the Cooperative Act No. 20 of 1998 shall apply.

31. OFFICERS APPOINTED BY THE BOARD

A. SOCIETY GENERAL MANAGER

The Nkwazi Society shall have a General Manager who shall be appointed by the Board of Directors on such terms and conditions as the Board of Directors shall see fit.

The Society General Manager shall be accountable to the Board of Directors for the day to day running of the affairs of the Nkwazi Society, including but not limited to;

- a) Conduct the business of the Nkwazi Co-operative Savings and Credit Society Limited in accordance with the instructions of the Board;

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- b) Adherence and ensuring that the SACCO Society and its staff are at all time in compliance with the established Code of Conduct; the Cooperative Society Act, any guidelines and/or directives issued by the board, these By- Laws; and any other applicable laws;
- c) Make such payments from the funds of the Society as may be directed by the Board.
- d) Attend unless excused by the Board, all meetings and keep or cause to be kept a record of all votes and minutes of the proceedings by the Society;
- e) Implementation of and adherence to the prescribed policies, procedures and standards;
- f) Develops and proposes the Nkwazi strategies and policies for the Board's consideration;
- g) Ensuring that systems have been established to facilitate efficient operations and communication;
- h) Make recommendations to the Board of Directors in formulating and implementing long term policies and programs of the Society through board papers and technical reports as appropriate;
- i) Prepare or cause to be prepared Balance Sheet and Accounts for Audit, Statutory Compliance and submission to the Board;
- j) Overseeing human resource management and development;
- k) Signing or countersigning on Cheques, Notes, Bills of Exchange and other negotiable instruments for carrying on the business of NKWAZI as authorised to do so by resolution of the Board of Directors;
- l) Keep in safe custody the Seal of the Society; and
- m) Perform any such other duties and responsibilities as may be delegated by the Board of Directors.

32. ACCOUNTS OF THE SOCIETY

- 32.1. The Board shall cause to be kept and make, such books and statements of Accounts and other books in relation thereto and all Its undertakings, funds activities and property in such manner as shall be required from time to time by or under the Co-operative Societies Act, Rules, the Society's By-Laws, and duly passed resolution.

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- 32.2. Nkwazi shall furnish the Registrar with annual returns as prescribed under the Cooperative Societies act.

33. AUDITORS

- 33.1. For the foregoing purpose, the Accounts of the Society shall be audited and reported upon annually by the fully appointed Auditors of Nkwazi Co-operative Savings and Credit Society Limited.
- 33.2. Nkwazi Shall appoint an auditor for a term of Three (3) years subject to renewal up to two (2) terms.
- 33.3. The appointed auditor of the Society must be a person publicly carrying on the profession of an accountant in Zambia.
- 33.4. The Board shall circulate to the members a minimum of two Auditor profiles for consideration and appointment at the AGM.
- 33.5. The Treasurer and the General Manager shall cause to produce and submit to the Auditors all books and Accounts of the Society with all vouchers in support thereof, and all books, papers and writings in its possession or control relating thereto, and the Auditors shall be entitled to require from all the members of the Board, the officers of Nkwazi Co- operative Savings and Credit Society Limited and all the employees and agents of the society such information as they may consider necessary for the performance of their duties as Auditors.
- 33.6. An auditor shall prepare and submit, to the members of the co-operative society a report on the accounts and balance sheet examined by that auditor.
- 33.7. The report specified under subsection (2) shall state-
- (a) whether or not all the information and explanations required are obtained;
 - (b) whether in the opinion of the auditor-
 - i. the balance sheet referred to in the report is properly drawn up so as to exhibit a true and correct view of the state of affairs of NKWAZI, according to the explanations given, and shown by the books of NKWAZI;
 - ii. all the transactions of NKWAZI which have been scrutinised have been within the objects and powers of NKWAZI; and
 - iii. the board has discharged its functions in accordance with the Cooperative Societies Act No 20 of 1998 and these By-Laws.

- 33.8. The expenses of and incidentals to the Audit exercise shall be paid from the funds of the Nkwazi Co-operative Savings and Credit Society Limited.

34. SIGNATORIES

- 34.1. Signatories for the Nkwazi Society SHALL be made by any two of the following: Chairperson, Vice Chairperson, Treasurer and Secretary. At the discretion of the Board of Directors, Authority Shall be delegated to the General Manager of the Cooperative and the head of finance.

35. COMMON SEAL

- 35.1. The Society shall have a Common Seal, which shall be in the form of words 'NKWAZI CO- OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED'. It shall be kept under the custody of the General Manager and shall be used on all necessary documents executed in the name of the Society.

36. BANKING

- 36.1. Nkwazi Co-operative Savings and Credit Society Limited shall maintain a Bank Account/s with one or more Commercial Banks.
- 36.2. Signatories for the Cooperative SHALL be made by any two of the following; Chairperson, Vice Chairperson, Treasurer and Secretary. At the discretion of the Board of Directors, Authority Shall be delegated to the General Manager of the Cooperative and the head of finance.

37. FINANCIAL REPORTING AND POLICIES

- 37.1. The Financial Year of the Society shall be from 1st January to 31st December.
- 37.2. Nkwazi Co-operative Savings and Credit Society Limited shall be required to produce quarterly Statements of Accounts to the Board, which shall show business of the Society during each quarter of the year in as far as Bank transactions are concerned;
- 37.3. The Society shall keep the books and records as required by the Registrar of Co-operative Societies.
- 37.4. Depreciation of assets shall be done as defined in the finance manual. This will include but not limited to;

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- i) Buildings - (5%) per annum
 - ii) Motor Vehicles Utility - (20%) per annum
 - iii) Motor Vehicles Private use (25%) per annum
 - iv) Fixtures and Fittings - (25%) per annum
 - v) Office Equipment & Software - (25%) per annum
- 37.5. All Accounts shall be submitted to the Auditors at the latest eight (8) weeks after the closing of the Accounts.
- 37.6. The Board shall not later than twelve (12) weeks after the closing of accounts prepare the Annual Report signed by the members of the Board on the operations of Nkwazi Co-operative Savings and Credit Society Limited during the preceding year.

38. REGISTERS

- 38.1. The following Registers and documents shall be maintained in proper order by the officers charged with the responsibilities:
- a) A Register of Members, showing names, addresses, membership number, shares and savings held as at given dates, date of admission to membership, date of termination to membership and name of nominee or Solicitor.
 - b) A cash Book showing all receipts and payments or money and balance cash for each day on which business is done.
 - c) Financial records.
 - d) Minute book for records of both General, Board Meetings and Committee meetings.

39. POWERS OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES

- 39.1. The registrar shall have powers to institute investigations when he or she considers if at any time the interest of Nkwazi Co-operative Savings and Credit Society Limited and its members are in any way being seriously neglected or endangered by the action of the Board or any of its members or its officers or employees of Nkwazi.
- 39.2. The registrar, upon resolution of the general meeting having removed the entire board, shall appoint officers from among membership to provide management and

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administrative services to Nkwazi for a term which shall not exceed one year as the cooperative may decide.

- 39.3. Notwithstanding section (31) where interim officers have been appointed under subsection (2) their term of service shall come to an end as soon as the co-operative society appoints a board.

40. GENERAL REGULATIONS

- 40.1. Organisations or institutions that are members of the Nkwazi Co-operative Savings and Credit Society Limited are entitled to be represented at the General Meeting by one delegate only.
- 40.2. A member shall have one vote at meetings of Nkwazi Co-operative Savings and Credit Society Limited, which can be a physical or virtual vote; and there shall be no voting by proxy.
- 40.3. The Rights to participate in decisions of the Nkwazi affairs shall be approved in such a manner as the Board may determine
- 40.4. Any Member desiring the inclusion of a certain business in the notice to the AGM shall give written notice thereof to the Board before the end of the second month from the end of the Financial Year.
- 40.5. Election to the Board shall be by ballot for all board members. The Chairperson, Vice Chairperson, Treasurer and Secretary shall be elected by the AGM from the elected board members.
- 40.6. Voting on matters other than elections shall be open.
- 40.7. The Nkwazi Co-operative Savings and Credit Society Limited shall be liable for its obligations only to the amount of its assets including paid shares.
- 40.8. If a member wishes to lodge a complaint and submits this to the Board, the Board is obliged to investigate the matter and inform the complainant of its decision on the matter.
- 40.9. Any disputes, within the Society or between the Society and other persons or associations shall be dealt and settled in accordance with the Laws of Zambia.
- 40.10. Amendments to these By-laws may be made in accordance with the Co-operative Societies Act.
- 40.11. Any proposal for alterations to the By-laws shall be submitted to the Registrar of Cooperative Societies for examination and advice. No alteration to By-laws shall be

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valid unless and until approved and sanctioned by the Registrar Cooperative Societies.

- 40.12. The circumstances recorded in the Co-operative Societies Act shall determine liquidation of Nkwazi Society.
- 40.13. Should the Nkwazi Co-operative Savings and Credit Society Limited be dissolved the Share Capital and Savings less liabilities after the business have been legally wound up shall be repaid to the members.
- 40.14. Funds then existing shall be allocated to purposes of General Welfare approved by the Registrar of Cooperative Societies. Minutes of all meetings, Management reports and other official documents and Auditors reports and financial records shall be delivered into the office of the Registrar Cooperative Societies.
- 40.15. **THE BOARD OF DIRECTORS, TO STREAMLINE AND GUIDE THE FUNCTIONS AND OPERATIONS OF NKWAZI CO- OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED. THE DOCUMENTS INCLUDE, BUT NOT LIMITED TO THE FOLLOWING; STRATEGIC PLAN, LOAN POLICY, SAVINGS AND MEMBERSHIP POLICY, BOARD CHARTER, RISK POLICY, FINANCIAL OPERATIONS MANUAL, TRAVEL POLICY AND STAFF HANDBOOK**

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