

**COURSE
GUIDE**

**CRD 203
COOPERATIVE LEGISLATION**

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INTRODUCTION

Cooperative Legislation is a semester course. It is a core requirement for Undergraduate Degree in Cooperative and Rural Development of the Department of Entrepreneurship Studies. The course discusses basic Cooperative Legislation. This course guide tells you briefly what the course is about, what course materials you will be using and how you can work your way through these materials. It suggests some general guidelines for the amount of time you are likely to spend on each unit of the course to complete it successfully. It also gives you some guidance on your tutor-marked assignments (TMAs). Detailed information on TMAs is found in the separate assignment file, which will be available to you in due course. There are regular tutorial classes that are linked to the course. You are advised to attend these sessions.

COURSE AIMS

The course aims to give you an understanding of the general principles of cooperative legislation.

COURSE OBJECTIVE

Set out below is the wider objectives of the course as a whole. By meeting these objectives, you will have achieved the aims of the course as a whole.

On successful completion of this course, you will be able to:

- define the functions and nature of cooperative legislation
- discuss the history of cooperative legislation in Nigeria
- discuss registrar of cooperative societies and his/her functions – statutory and non-statutory
- explain the promotion of cooperative organisations
- examine the registration of cooperative societies
- highlight provision of model bye-laws
- discuss examination, inquiry, liquidation, arbitration, etc.
- analyse cooperative societies rules – the main features compared to the law, the agents and organs of cooperative societies
- discuss detailed treatment of general meetings, management, committee and board of directors
- describe the special role of the secretary
- explain the conflicts in the functions of the registrar and suggestions for resolving the conflicts
- examine the preparation of bye-laws and their contents
- discuss bye-laws of other similar self-help organisations (SHOS)
- list the limitations of the present cooperative laws.

WORKING THROUGH THIS COURSE

To complete this course, you are required to read the study units, read set books and other materials. At the end of the course is a final examination. The course should take you about 12 weeks or more in total to complete. Below you will find listed all the components of the course, what you have to do and how you should allocate your time to each unit to complete the course successfully on time.

COURSE MATERIALS

Major components of the course are:

1. Course guide
2. Study units
3. Textbooks

In addition, you must obtain the set book; these are not provided by NOUN, obtaining them is your responsibility. You may purchase your own copies. You may contact your tutor if you have problems in obtaining these textbooks.

STUDY UNITS

There are 24 study units in this course. They are as follows:

Module 1

- | | |
|--------|--|
| Unit 1 | Nature and Concept of Cooperative Legislation |
| Unit 2 | Historical Antecedents of Cooperative legislation in Nigeria |
| Unit 3 | Cooperative Legislation, Practice and Procedure |
| Unit 4 | The Registrar of Cooperatives |
| Unit 5 | Nature of and Provisions in the Regulations/Rules of Cooperative Societies |
| Unit 6 | Sources of Cooperative Laws in Nigeria |

Module 2

Unit 1	Registration of Cooperative
Unit 2	Functions of Boards of Director in a Cooperative Organisation
Unit 3	Nature of General Meetings in a Cooperative Society
Unit 4	Nature of a Management Committee in a Cooperative Society
Unit 5	Roles of Management Committee
Unit 6	Composition of a Management Committee

Module 3

Unit 1	Functions of the Officials of Management Committee
Unit 2	Delegation of Management Committee Functions
Unit 3	Audit Inspection and Enquiry Committee
Unit 4	Procedures for Auditor's Appointment
Unit 5	Functions and Powers of Auditors
Unit 6	Inquiry and Inspection of Cooperatives

Module 4

Unit 1	Distribution and Uses of Net Surplus in a Cooperative Society
Unit 2	Dividend Payment and Interest on Shares of Cooperative Societies
Unit 3	Liquidation of Registered Society
Unit 4	Appointment of a Liquidator and Powers of a Liquidator
Unit 5	Arbitration and Cooperative Society
Unit 6	Public Accountability

The study units if well-read and understood, will assist you in passing your exams.

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ASSESSMENT

There are two aspects to the assessments of the course. First is the TMAs, while the second is a written examination. In tackling the assignments, you are expected to apply information, knowledge and techniques gathered during the course. The assignments must be submitted to your tutor for formal assessment under the deadlines stated in the presentation schedule and the assignment file. The work you submit to your tutor for assessment will count for 30% of your total course mark.

At the end of the course, you will need to sit for a final written examination of two-hour duration. This examination will also count for 70% of your total course mark.

COURSE MARKING

The following table lays out how the actual course mark allocation is broken down:

ASSESSMENTS	MARKS
Assignments 1 – 4	Best three marks of the four assignments count at 30% of course marks.
Final examination	70% of overall course marks
Total	100% for course marks.

FACILITATOR/TUTORS/TUTORIALS

There are 10 hours of tutorials provided in support of this course. You will be notified of the dates, times and location of these tutorials, together with the name and phone numbers of your tutor, as soon as you are allocated a tutorial group.

Do not hesitate to contact your tutor by telephone, email, or during tutorial sessions if you need to. The following might be circumstances in which you would find the help necessary. Contact your tutor if you:

- do not understand any part of the study units or the assigned readings
- have difficulty with the self-assessment exercises
- have a question or problem with an assignment or with your tutor's comments on any assignment or with the grading of an assignment.

You should try your best to attend the tutorials. This is the only change you have face to face contact with your tutor and to ask questions which are answered instantly. You can raise any problem encountered in the course tutorials; prepare a questions list before attending them. You will learn a lot from participating in discussions actively.

FINAL EXAMINATION AND GRADING

The final examination on Cooperative Legislation will be a question paper of two and a half to three-hour duration, weighing 70% of the total marks as earlier stated. All areas of the course will be examined. As a result, you must read through the whole course material as many times as possible as mere permutation may disappoint you. You might find it useful to review yourself tests, TMA assignments and comments on them before the period of examinations.

Organise how to manage your time. Do everything to stick to it. The major reason many students fail is that they take things for granted and delay in taking decisions, only to be rushing unnecessarily towards the exam period. If you get into difficulties with your schedule, do not waste time to let your tutor know before it is too late to help you. When you are confident and satisfied that you have achieved a unit's objectives, you can then move on to the next unit. Proceed unit by unit, through the course, pacing your studies and making the whole exercise easy for yourself.

SUMMARY

Do your best to read up all the modules and units of the course in order to gain the most from this course.

I wish you happy and enjoyable reading time.

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MODULE 1

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UNIT 1 NATURE AND CONCEPT OF COOPERATIVE LEGISLATION

CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Nature and Concept of Cooperative Legislation
3.2	Meaning of Cooperative Legislation
3.3	Cooperative Bye Law
3.4	Principal Legislation
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Reading

1.0 INTRODUCTION

The quality and composition of the Management Committees that are charged with the administration of these cooperative societies are equally important to the stakeholders as their success depends on the ways and manners they are managed through the laid down procedure, rules and regulations and adhere strictly to due process. The need for proper monitoring and evaluation of the financial transactions and business activities of the societies must be stressed at all times. The formation of cooperative societies is not an end in itself but rather a means to an end. Members of societies should be able to derive certain benefits that are capable of improving the quality of their lives. Good performance of the societies will make members have continued confidence in the activities and leadership of the societies. Members should also be sure that their money/share contributions are safe and are available for use when needed. In the light of this, therefore, it is necessary to, from time to time to assess the performance of cooperative

societies by examining their level of compliance with legal provisions that set them up. There is a need to clarify these and many more.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- discuss the nature and concept of cooperative legislation
- explain the meaning of cooperative legislation
- examine cooperative bye-law
- describe principal legislation.

3.0 MAIN CONTENT

3.1 Nature and Concept of Cooperative Legislation

The government has recognised the unique nature of cooperative business in different parts of the world, and this had necessitated the promulgation of laws unique to it to guide its operation. The word “law” has been defined in various ways by different legal writers, but for our study, we may consider any of these simple definitions. “Law is a body of rules, whether processing from formal enactment or from custom, which a particular state or community recognises as binding on its subjects or members”. These rules are recognised and acted upon by the courts of justice. Again “law consists of a large number of citizens of a particular state or country”. Most laws are based on customs that have evolved and proved to be good standards of behaviour. It took Great Britain almost two centuries to evolve the cooperative laws under the Industrial and Provident Societies Act (Stanley’s Act) of 1852 and amended in 1862. In Nigeria, we have been operating within the fundamental provision of Cooperative Society’s Ordinance Act Number 6 of 1935 with each region, later states adopting sections to suit their own peculiarities. It was only in 1993 that we tried to have our first indigenous cooperative laws in the form of Decree and the states were allowed under section 56 of the Decree to provide regulations that will give flesh to the Decree. Section 35 of the Constitution of the Federal Republic of Nigeria 1999, has converted the Decree to an act of National Assembly making it operational in a democratic setup.

3.2 Meaning of Cooperative Legislation

By cooperative legislation, we mean the principal and subsidiary legislation drawn from the cooperative principles of the different powers given them in the law or available to the relevant government department in cooperative administration.

It provides the details through which all the general provisions of the principal legislation can be pursued and realised. Thus, the principal legislation cannot be used consistently and effectively without subsidiary legislation. It contains provisions on the power of the general meeting, committees, officers, division of surplus, Annual Supervision Fees (ASF) annual accounts and returns, loan administration, members' welfare and employees.

So far enacted in the country are the cooperative regulations of 1936 meant to service the cooperative society's ordinance of 1935, the different regional cooperative rules (regulations in Northern Nigeria) and the cooperative regulation of the different states meant to service the Decree of 1993 (e.g. the Cooperative Regulation of the South Eastern States, Nigeria of 2000).

Rules/regulations are made by a government minister or commissioner in charge of operations by using power given to them by law in section 56 of the Nigeria Cooperative Societies Act of 1993; they are binding on all cooperatives to which they refer. The minister or commissioner can authorise changes more quickly than the legislation. So, matters which need frequent changes should be contained in the regulation.

The regulations strictly control the internal organisations or internal matters of cooperatives as well as the procedural matters on the provisions of the laws. It also regulates the internal administration and external relationships of various types of cooperative societies in a country. In addition, it enables the cooperative members to adopt such practices which are suitable for the attainment of their objectives using the principles. In most developing countries (Nigeria inclusive), cooperative legislation is made up of all the laws, ordinances, acts, decrees, edicts, rules, regulations as well as the by-laws of respective cooperative societies currently in force in a particular country. The law, act or decree is passed by legislators or the supreme law-making body of a country.

3.3 Principal Legislation

By principal legislation, we mean those legal enactments made by the lawmakers of the country toward cooperative administration. These include cooperative ordinance, cooperative laws, cooperative acts or cooperative decrees. Principal legislation in Nigeria cooperatives refers to those cooperative laws that have been in force in Nigeria. First among them is the Cooperative Societies' Ordinance of 1935; which formed the Western, Eastern and Northern Nigeria cooperative societies' law of 1953 and 1956 which were regional laws and the current 1993 Nigeria cooperative societies' decree. Cooperatives, like any other type of

enterprise, can only thrive in the legal environment that facilitates their functioning. As an association of persons as well as a business enterprise, it is expedient to create a special legal framework for it, thus taking care of such issues, which the usual company laws do not consider relevant.

Principal legislation deals with such issues as the appointment of the director (Registrar) and registration of cooperative societies; duties and privileges, as well as property and funds of registered societies; right and liabilities of members. However, it also deals with disputes and settlements, inspection and inquiries. It equally deals with dissolutions of societies, surcharge and attachment as well as division and amalgamation. It also deals with power to make regulations, exemptions, miscellaneous and interpretations.

Although the decree did not very much deviate conceptually, in spirit and letter from the regional cooperative laws, there are, however, some innovations which, standing alone, tend to a great extent toward liberalisation and modernisation of the cooperative law. In all, there are about 26 provisions (sections and sub-sections) which are innovations, and progressive. They are not as significant as one would wish for at this time in the country's socio-economic development process.

3.4 Subsidiary Legislation

By subsidiary legislation, we mean those legal enactments that were not made by lawmakers themselves but by delegated authority. The principal legislation will delegate authority to a person, officer or body to make them. They are therefore subsidiary to the principal legislation.

3.5 Cooperative Regulations/Rules

This section refers to those regulations and rules which are subsidiary to the principal legislation (the cooperative law). The regulation usually spells out the step-by-step approach members can take in the cooperative exercise.

3.6 Cooperative Bye-laws

The Nigerian Cooperative Decree of 1993 now referred to as Cooperative Act of 2004, section II (1) authorises a registered cooperative society to make by-laws for such things as are necessary or desirable for the purpose for which the society is established.

Cooperative, as a social and economic organisation, needs to regulate the relationship among members and the operations of their business enterprise. Because of this, the members will voluntarily adopt a set of agreements in order to define their relations with one another within the

association, their relations with the common undertaking, their rights and duties etc. They are equivalent of the articles and memorandum of association in joint-stock companies. The by-laws can be seen to be the step-by-step application of the subsidiary legislation to the specific cooperative organisation.

Also, the director of the cooperatives requires the Registrar of every society to submit a set of their proposed bye-laws alongside their application for registration to him for vetting and approval. He also approves all future amendments of the bye-laws before they take effect. The bye-laws contain the chosen name of the cooperative society, their registered address, interpretations, areas of operation, objectives, source of funds, use of funds, general meetings, powers, entrance fees, the minimum qualification for membership, withdrawal and termination of membership. Others are the composition of the management committee, liability of members, share capital, minimum thrift savings, types of business with details, loan transactions, fines and penalties for wrongdoings, organs of the society, qualification and disqualification of committee membership, officers of the society and their function. Included are the removal of an officer from office, the procedure for meetings, affiliation and integration, registers, book and records to be maintained, disposal of surplus resolution of disputes, liquidation and amendments.

4.0 CONCLUSION

In concluding, cooperative laws, rules, regulations and bye-laws are used to maintain smooth operation of cooperative societies.

5.0 SUMMARY

In this unit, we discussed nature and concept of cooperative legislation, the meaning of cooperative legislation, cooperative by-laws and principal legislation.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the nature and concept of cooperative legislation.
2. Define cooperative legislation.
3. Describe principal legislation.

7.0 REFERENCE/FURTHER READING

Aminu Lawal Bara'u (2013). *Introduction to Cooperative Legislation*. Cyberspace Superior International.

UNIT 2 HISTORICAL ANTECEDENTS OF COOPERATIVE LEGISLATION IN NIGERIA

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- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Historical Antecedents of Cooperative Legislation in Nigeria
 - 3.2 Pre-Independence
 - 3.3 Post-Independence
 - 3.4 The comparison of Cooperative Legislation and Various Components
 - 3.5 The Complimentary of the Laws and Regulations/Rules
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

In this unit, we shall focus on historical antecedents of cooperative legislation in Nigeria, pre-independence, post-independence, the comparison of cooperative legislation and various components and complementary laws and regulations/rules.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- discuss the historical antecedents of cooperative legislation in Nigeria
- describe pre-independence legislations
- explain post-independence legislations
- differentiate between cooperative legislations and various components
- identify cooperative complementary laws and regulations/rules.

3.0 MAIN CONTENT

3.1 Historical Antecedents of Cooperative Legislature

The same power as found in the earlier cooperative laws in India, Ceylon, Gold Coast (Ghana) etc. were transferred to Nigeria Registrar of

Cooperatives Societies in the 1935 Ordinance and consequently to Nigeria cooperative societies.

The wide powers of the Registrar were envisaged in the report of F.A. Strickland who thought that the “Registrar and his staff must take the initiative and exercise control over the movement in a degree quite unsuitable to the conditions of an advanced and educated population. Even if Strickland had not recommended these wide powers, the government white paper would have provided for them since the colonial government was following a common policy in its Afro-Asian colonies. The 1935 ordinance was a national law and applicable to the then British trust territory of the Cameroons. In 1946, the British colonial office published a model cooperative societies rules/regulations for the various colonial governments to serve as guidelines for future cooperative legislation.

3.2 Pre-independence

The first cooperative law in Nigeria was passed in 1935 as the Cooperative Societies Ordinance No 39 while the rules followed in 1936. Both applied to the whole country, the colony and protectorate of Nigeria. The law was assented to for the first time by the king of England. This law was largely modelled on the India act of 1912. It was first amended in 1938 and again in 1945, and completely revised in 1948 to conform with the British Secretary of State’s circular dispatched in 1946, which laid the framework for the cooperative laws of all the British territories.

In 1952, the country was divided into three regions, the North, East and West. Cooperative was made a regional subject. East region had to enact its own cooperative law; the Western regional cooperative law came first in 1953, followed by the North and the East in 1956. The Federal Territory of Lagos made its law in 1958.

3.3 Post-independence

The Mid-Western Region, created in 1963, adopted the Western Cooperative Law. When states were created from 1967 onwards, each State adopted the pre-existing law of its region with minor modifications. When Lagos took over the responsibilities of cooperative matters, for Lagos, it adopted the 1958 law formerly applicable to the Federal territory of Lagos leaving a state of vacuum at the federal level. The views of Conference of Registrars of Cooperative Societies and the movement were considered by the conference of commissioners responsible for cooperative matters throughout the federation. They recommended the established cooperative divisions at the federal level if

the pace of cooperative development in the country was to be accelerated to meet the aspiration of the federal government and the yearnings of the movement. In February 1974, the Cooperative Development Decree No 5 was promulgated for the establishment of a cooperative development division. In the Federal Ministry of Labour, the decree also empowered the appointment of a federal registrar of cooperative societies and his supporting staff.

In 1976, the cooperative and social development (transfer of functions) decree No.28 of 1976, effective 1st July 1976, was promulgated, transferring the functions of the cooperative development division from the Federal Ministry of Labour into the newly created Federal Ministry of Cooperative and Supply. Section (2) C of the Decree No 5 of 1976 include “registration” and “supervision” of national cooperative societies as a result of rapid economic and social development in the country about cooperative and the need for the establishment of cooperative societies with national character.

In August 1977, the Federal Commissioner for Cooperative and Supply, Alhaji Umar A. Mutallab, set up a panel to review and unify Nigeria cooperative societies laws and regulation with J.T Caxton Idowu as chairman. The panel made use of existing laws (state laws and Decree of 1974) as a model in promulgating the Nigeria cooperative societies decree No 90 of 1993.

However, this can only be put into use as part of the decree 56 (1) empowers the minister or the commissioner responsible for matters relating to cooperative societies to make all such regulations as may be necessary for the purpose of carrying out or giving effect to the provisions of the Decree. It was at this point that General Ibrahim Babangida, at the tail end of his military rule decided to sign a draft into a decree, No 90 of 1993. Being a federal law, it automatically superseded all other laws for cooperative societies in Nigeria. Meanwhile, in a joint conference of directors of cooperative, presidents and secretaries of cooperative federations in the South-East of Nigeria held in Enugu in 1997, it was resolved to fashion out common “regulation” for the geopolitical zone. This came into effect in the year 2000.

3.4 The comparison of Cooperative Legislation and Various Components

3.4.1 Distinction AMOG

- A. The “Cooperative Law”
- B. The “Cooperative Societies Regulation or Rules”

C. By-Laws “Articles of Association

D. Other Relevant Laws

Cooperative laws are laws which give legal recognition to cooperatives and regulate their activities. Cooperative laws deal with the business interest of the person, who as members of the societies have a business and legal relationship with each other through the cooperative and the interest of any other person (natural or artificial) who has legal and business relationship with the cooperative through its servant and legal representatives.

On the other hand, rules/regulations are subsidiary legislation to carry out or give effect to the principles and provisions of the law. It is to provide in detail certain matters which the law itself scratches on the surface and lay down the procedure on certain issues. Cooperative by-laws are the application and translation of the subsidiary to a specific cooperative society. The by-laws must reflect the general spirit of the cooperative law, with certain provisions of law finding their application in them.

3.5 The Complimentary of the Laws and Regulations/Rules

The Nigerian Cooperative Societies Decree (NCSD) has provisions on disputes and arbitration; the law only defines arbitration, lists the possible, causes of, and parties to dispute arbitration and provides for appeals thereof, the law does not rule in detail the actual procedure for arbitration. Nevertheless, the rule, on the other hand, specifically and in detail, tells us:

- a) Who can apply for arbitration to the Registrar
- b) The mode of application for the declaration of a dispute to the Registrar
- c) The prohibition of legal practitioner to be involved in the cooperative disputes
- d) The number of appointment of arbitration
- e) The appointment of the chairman of the arbitration panel
- f) The proceeding of the arbitration.
- g) How to go about an appeal, awards, arbitration etc.

4.0 CONCLUSION

The history of cooperative in Nigeria is an eye-opener because there is a saying that “in order to have a perfect understanding of something, it is necessary to check history.” So, for a cooperative society to have a solid foundation, it is necessary to check the history of cooperative within the geographical location.

SUMMARY

In this unit, you learnt about the historical antecedents of cooperative legislations in Nigeria-pre-independence, post-independence. In addition, you learnt the comparison of cooperative legislations with various components. And we also identified the complimentary of the laws and regulations/rules.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the historical antecedents of cooperative legislation in Nigeria.
2. Describe pre-independence cooperative legislations.
3. Explain post-independence cooperative legislations.
- 4.

7.0 REFERENCE/FURTHER READING

Aminu Lawal Bara'u (2013). *Introduction to Cooperative Legislation*. Cyberspace Superior International.

UNIT 3 COOPERATIVE LEGISLATION, PRACTICE AND PROCEDURE

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- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Differences between Direction, Supervision, Control and Execution
 - 3.2 Functions of Legislature
 - 3.2.1 Determination of the Activities to be Undertaken
 - 3.2.2 Determination of Organisation
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 - 3.2.4 Determination of Rules of Procedure
 - 3.2.5 Determination of Grant of Funds
 - 3.2.6 Legislative Supervision
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The several branches into which the problem of administration is divided has to do with general administration, i.e. the legislature is the most important one. In modern times, the legislature as the representative of the people has become the source of all authority regarding administration. It means that the prime responsibility and authority of making fundamental decisions in respect to location and exercise of the general functions of direction, supervision and control of administration rests with the legislature. The direction, supervision and control are the functions of the legislature. It needs hardly be said that the efficient exercise of these functions is the problem of general administration. It consists of determining where the responsibility for the exercise of these functions shall be vested and the means that shall be employed by the agency or agencies to which it is entrusted.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- identify the differences between direction, supervision, control and execution
- list and explain the functions of the legislature.

3.0 MAIN CONTENT

3.1 Differences between Direction, Supervision and Control, and Execution

The function of direction, supervision and control differs from the functions of execution. The word execution means the actual carrying out of the orders. It simply consists of putting into execution what has been ordered. This distinction between direction, supervision and control on the one hand and execution on the other, is of vital importance because as said above, the former is the function of the legislature. At the same time, the latter is the function of the executive. A distinction here should also be made between executive power and administrative power. Generally, the two words “executive” and “administrative” are interchangeably used, but this is wrong. According to Willoughby, “The executive power, or rather the function is that of representing the government as a whole and of seeing that all of its laws are properly complied with by its several parts. The administrative function is that of actually administering the law as declared by the legislative, and interpreted by the judicial branch of the government. This distinction is usually made by declaring the executive function to be essentially political in character, that is one involving the exercise of judgment in its use, and the administrative function to be as concerned with the putting into effect of policies and carrying out of orders as determined or given by other organs”.

In small undertakings, these distinctions are not of much importance because here the same person can exercise both the functions of direction, supervision and control and also execution. In all large undertakings, however, the distinction is of great importance because here the two functions are not only to be clearly distinguished, but their performance also must be vested in different bodies. In business concerns, the Board of Directors elected by shareholders performs the first function. It frames rules and regulations, plans the project and organises its functions. The Board of Directors has an important place in business establishments. Its officials follow its instructions, and every major step is taken on the direction. Their order is the law for the officials of the establishments. Since the legislature in public administration performs the same functions as the Board of Directors in a business establishment, therefore, the legislature is called the Board of Directors. The Chief Executive is called General Manager because his functions are similar to the functions performed by a General Manager of a private undertaking.

3.2 Functions of Legislature

The legislature sitting as a board of directors performs numerous functions. Firstly, it determines the activities to be undertaken. Secondly, it has to decide the nature of organisation necessary for carrying out the activities. Thirdly, it has to determine the personnel that would be required for the organisation. Fourthly, it determines the rules of procedure to be employed by the organisation. Fifthly, it provides for funds, which it shall make available to the organisation for carrying out the activities. Sixthly, it has to design a system for supervising and controlling the organisation so that the work may be done efficiently. A brief description of each of these functions is given below.

3.2.1 Determination of the Activities to be Undertaken

As regards the first function, there can be little doubt that the determination of what the government shall do is a responsibility that rests upon the legislature. The policy to be adopted by the government both in the internal and external field is set out by the legislature. But it does not mean that it should lay down all the details of a policy, the specific acts which shall be performed in carrying out the policy. Better it would be if it prescribes the policy in general terms and leaves the details to the executive. To illustrate, it may lay down that compulsory primary education should be enforced in the country, but it should not go to the length of prescribing the places where schools will be established. It should leave that judgement to the executive. The legislature is a body of politicians representing particular territories or interests. They are interested primarily in their particular territories. The executive represents and is interested in the entire territory and government of the State. Its judgement is bound to be better in regard to details than that of the legislature because the former being in close touch with the administration is in a better position to understand its needs.

Moreover, the legislature will not be unnecessarily burdened with the task of specifying the details. If the legislature goes into details, it denies executive initiative and thereby may impair the efficiency of administration. Too great legislature itemisation renders it impossible for the chief executive to make the most effective utilisation of the organisation and personnel and to meet exigencies that are only fully developed during the progress of the work. The legislature should feel contented with the determination of the general programme and should be interested in its efficient execution. Beyond this, it should proceed conservatively, and its further specification should be directory rather than mandatory upon the chief executive.

3.2.2 Determination of Organisation

“Organisation is the medium through which individuals work as a group as effectively as each would work alone. It consists of the relationships of individuals and of groups to groups, which are so related as to bring about an orderly division of labour”. Generally speaking, organisation is divided into departments, business units, divisions and sections. In addition to these units, there are certain units called field stations. These field stations are created in the services where the work of the service is done not only at the headquarters of the government but also in field stations all over the country, e.g. post offices, railway stations, law courts, etc. Now the question here at issue is the point at which the legislature should stop in determining not only the departments but shall be created for the performance of administrative duties, but also the internal organisations of these departments.

Concretely, in the words of Willoughby the problem is, “Shall the legislature leave the whole matter of organisation to the chief executive as general manager? Shall it determine organisation, in so far as the primary units of organisation, the departments, independent boards or commissions, etc., are concerned, leaving it to such bodies acting under the general control of the chief executive to provide for the character of internal organisation of those services? Or shall it push its determination still further so as definitely to prescribe by law, not only the departmental and bureau organisation, but also the sub-division of these divisions, and the final working units, the sections and field stations?”

In practice, there is no uniformity among the various States on this point. In the U.S.A., the numbers of the character of the administrative departments that shall be set up for the handling of departments are created by the Executive decree. In India, the power of establishing new departments rests with the President acting through the Prime Minister. In so far as the units of the lower order, i.e., divisions, sections and field stations are concerned, the discretion in India is left in the hands of the ministers acting through their heads of departments. But in all these countries, the legislature has from time to time created new agencies in the form of departments, corporations, boards or commissions to carry on a particular activity. Thus in India, the Life Insurance Corporation, Railway Board, the State Electricity Board, Public Service Commission have been created by the legislature. That in doing so it has been guided largely by the advice of its general manager, the chief executive, is quite true, but the act of determination has been the act of the legislature and these agencies have a legislative status in the sense that their existence has been determined by statutory law. In Nigeria, the power for

establishing a new department is vested in the legislature. Also, in Nigeria, cooperative societies have been brought into existence by Act of Parliament.

As to what should be the true principle, it may be said that it is desirable that the legislature should content itself with making only the most general provision regarding the organisation of an agency and leave the details of internal organisation to be determined by the chief executive because he is the person who is responsible for running the administration. The legislature cannot handle this matter in as intelligent a manner as those directly responsible for the conduct of the affairs. Secondly, if legislature determines the organisation it gives rigidity to. Thirdly, it imposes upon an already overburdened legislature the responsibilities of which it should be relieved. Therefore, the chief executive should be given the necessary powers to shape the administrative units according to the requirements of administration.

3.2.3 Determination of Personnel

Personnel is the body of persons who actually run the administration. It may be of two types – directing personnel, that is, those who are responsible for the direction of services and are commonly called officers, and employees proper, that is, those occupying subordinate positions and having as their general duties the carrying out of orders given to them. It is generally accepted with regard to the former class that the legislature should itself determine their “number, character, compensation, powers and duties”. In respect of this class, the only question is how deep into the organisation of the several services this determination shall go. Now all the arguments that have been given against the legislature seeking to control organisation under the preceding subheading also equally apply to the creation by law of officers to have charge of subordinate units of organisation.

As regards the second class of employees, the legislature may determine their conditions of service either by a general statute or by an act of appropriation. Willoughby is of the opinion that it is not wise to control personnel other than directing personnel, by the first method. Any attempt to prescribe limitations upon subordinate personnel in this manner gives rise to a rigidity that is sure in many cases to work injury. The act which provides for the setting up of service, after providing for the directing personnel may provide “for such other officers and employees as may be from time to time provided by law”. This will leave sufficient discretion to the legislature to determine each year the provision that shall be made for the subordinate personnel of service at the time of granting appropriations for that service.

3.2.4 Determination of Rules of Procedure

Rules of procedure may be of two types: (1) Those which affect the interests or rights outside of service; and (2) those which have to do with purely administrative operations within the service. The example of the former is the rules setting forth the procedure to be followed in assessing and collecting income-tax or land revenue, the grant of copyrights, trademarks, etc. These are matters affecting the personal and property rights of the people in the most direct manner. The examples of the latter are the rules for the disbursement of payments to the members of the service. Now, as regards the former, it is desirable that the legislature should pass a statute to give them legal sanction. The question as to whether these rules should be embodied in the acts of the legislature or promulgated by cabinet or the head of the department involves a consideration of the question of the delegation of legislative powers which lies outside the scope of our study. The advantage of having these rules embodied in the statutes lies in the fact that they are drafted by the persons directly familiar with the conditions and problems of the department.

As regards the second category of rules of procedure, it is better to leave wide discretion to the services concerned. The legislature should exercise control over them through a proper system of accounts, reports, audit and the like.

3.2.5 Determination of Grant of Funds

In every country, the legislature determines the amount of money which is made available for expenditure to the executive. All the public services are to be paid from public funds for their work. If no money is made available, the entire administration will come to a standstill. Therefore, the legislature must find out the needs of every department and make provision of money accordingly.

3.2.6 Legislative Supervision

Since the legislature is the source of all administrative authority and makes money available for carrying out the administration it is desirable that all grants of authority should be accompanied by means for ensuring that such grants are properly exercised. In other words, it may be said that the legislature should provide how it shall be able to exercise due supervision and control over its agents. To see that these agents perform their duties properly is an imperative duty of the legislature.

Willoughby mentions the following means through which supervision and control may be exercised and accountability enforced:

- (i) The requirement that all administrative officers shall keep proper records of their official acts.
- (ii) The requirement that these officers shall submit reports at least once a year to give an account of their act.
- (iii) The requirement that accurate accounts shall be kept of all financial transactions and reports of such transactions shall be made in such form that full information regarding their character is furnished.
- (iv) Provision for a system of examination and audit of these accounts.
- (v) Provision for the consideration by the legislative bodies, acting directly or indirectly, the administrative and financial reports to determine not merely the legality of the action taken, but also the efficiency and economy with which official duties have been informed.
- (vi) The requirement that administrative officers shall furnish information regarding acts done by them when called upon to do so by the legislature.
- (vii) Provision for special investigations or inquiries of a comprehensive character of how affairs have been conducted by a particular service/services.

Thus, from the above description, it is clear that the legislature instead of directly running the administration or determining in a detailed manner the activities, agencies, organisation, plant and personnel, it should give directions in general terms and provides that the officers charged with their execution shall furnish it with detailed data regarding their action. It is of great importance that the system of accounting, reporting and audit that will correctly and fully furnish the legislature with precise information regarding the acts of all administrative officers should be made perfect. In the words of John Stuart Mill.

“Instead of the function of governing which it is radically unfit for, the proper office of a representative assembly is to watch and control the governance; to throw the light of publicity on its acts; to compel a full exposition and justification of all of them which anyone considers questionable; to censure them if found condemnable, and, if the men who compose the government abuse their trust, or fulfil it in a manner which conflicts with the deliberate sense of the nation, to expel them from office, and either expressly or virtually appoint their successors”.

4.0 CONCLUSION

In concluding, it should be noted that the prime responsibility and authority of making fundamental decisions in respect to location and exercise of the general functions of direction, supervision and control of administration rests with the legislature.

5.0 SUMMARY

In this unit, we have identified and discussed the differences between direction, supervision, control and execution. We have also listed and explained the functions of the legislature.

6.0 TUTOR-MARKED ASSIGNMENT

Itemise and discuss the functions of legislature in the direction, supervision and control of establishments.

7.0 REFERENCE/FURTHER READING

Dr VishNood Bhagwan, Vidya Bhushan (2009). *Public Administration*. S. Chand and Co. Limited, pp. 66 – 70.

UNIT 4 THE REGISTRAR OF COOPERATIVES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Registrar of Cooperatives
 - 3.2 Registers
 - 3.3 Returns to the Registrar of Cooperatives
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References and Further Reading

1.0 INTRODUCTION

This unit you will learn about the Registrar of cooperatives, registers and returns to the Registrar of cooperatives.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- describe cooperative registry
- state the registers in a registered society
- list the returns to be submitted to the Registrar of cooperatives.

3.0 MAIN CONTENT

3.1 The Registrar of Cooperative Societies and His/Her Function – Statutory and Non-Statutory

The Registrar: The provincial government may appoint a person to be Registrar of cooperative societies for the province or any portion of it, and may appoint a person or persons to assist such Registrar, and may, by general or special order, confer on any such person or persons all or any of the powers of a Registrar under this Act.

Power of Registrar to issue search warrant: To recover any papers, documents or books of account belonging to a society, the Registrar may issue a search warrant and exercise all such powers with respect thereto as may be lawfully exercised by a Magistrate under the provisions of Chapter VII of the Code of Criminal Procedure, 1898, and all such searches shall be made in accordance with the provisions of that Code.

The Registrar shall not exercise the powers under sub-section (1) before serving a notice on the society and giving it a reasonable opportunity to produce such papers, documents or books of account as are specified in such notice.

In addition to recording transactions, a company registrar must also keep registers of certain aspects of its constitution. Again, these requirements are designed to facilitate publicity and to regulate the conduct of the company affairs. To make an inspection of the Registrar reasonably easy for persons who are entitled to have access to them, the company must keep them at specified places and, to remove difficulties that arose in the past over inspection, the Companies Act 1989 inserts s. 723A into the 1985 Act removing many of the previous details which were provided, and giving the Secretary of State wide powers to make discretionary rules by statutory instrument.

The statutory registers (with the relevant sections) are:

- the register of members
- the register of members' interests in shares and debentures of the company
- the register of charges
- minutes of general meetings of the society
- the register of written resolutions.

The requirements as to the form in which accounting records are kept also apply to the registered society. Societies with debentures issued nearly always keep a register of debenture-holders, but there is no statutory compulsion to do so (despite recommendations that there should be) should be kept at the Cooperative Office.

3.1.1 Register of Members

The detailed procedure surrounding the register of members is dealt with in the cooperative bye-law. This is because an entry in the register of members is the fundamental means by which a person becomes a member of a registered society.

3.1.2 Register of Charges

The register of charges is also dealt with elsewhere, in the chapter on loan capital. The register must contain details of charges affecting the company property or undertaking and should provide brief descriptions of the property charged, the amount of the charge and the name of the person entitled to the charge. An officer who details concerning this register is liable to a fine. Any person may inspect the charges register; members and creditors may inspect free of charge.

In addition to keeping a register of charges, a company must also keep copies of every instrument, creating a charge at its registered office. Any member or creditor may inspect the copies and register without a fee; others may inspect the register for such a fee as may be prescribed. Refusal of these rights may lead to a fine, and the court has a right to compel inspection or to direct that a copy be sent.

3.2 Returns to the Registrar of Companies

Returns must be made to the director of cooperatives by a registered society. Throughout this text, it is evident that the Registrar of Companies must be informed of many other occurrences, such as alteration of the company articles.

4.0 CONCLUSION

Many statutory requirements have been examined, all of which are designed to ensure that corporate bodies (especially limited liability companies) are open to the public enquiry where this is in the public interest. This is achieved primarily by the requirement to notify the Registrar of certain important transactions, and the requirement to file with the Registrar annual audited accounts and the annual returns.

5.0 SUMMARY

In this unit, we have discussed:

- the registers in a registered society
- returns to be submitted to the Registrar of Cooperatives
- the position of the auditor in a registered society.

6.0 TUTOR-MARKED ASSIGNMENT

1. Briefly define and describe accountability as it relates to a registered society.
2. List and explain the contents of the accounting records of a registered society.

7.0 REFERENCES/FURTHER READING

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UNIT 5 NATURE OF AND PROVISIONS IN THE REGULATIONS/RULES OF COOPERATIVE SOCIETIES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Registration of Cooperative Societies
 - 3.2 Privileges of Registered Societies
 - 3.3 Rights and Liabilities of Cooperative Members
 - 3.4 Duties of Cooperative Societies
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The activities of the cooperative societies need to be properly guided and monitored to ensure that the set objectives are achieved. Usually, the regulations/rules guiding the activities of these societies are clearly stated in the societies' bye-laws. These bye-laws (often referred to as the societies' constitutions) are normally documented, and copies were given to members at the point of entry into the society. Issues bordering on registration of members, ownership structure, business activities, general meetings, board membership, sanctions/fines, and the resignation of members, dividend payment, and shareholding capacities and so on are stated in the regulations/rules of the societies. It is therefore considered very important that members know the rules/regulations guiding the activities of the cooperative societies so that members are duly informed about the running of these societies. It is in light of this that you need to be put through some lessons on the nature of, and the provisions in the regulations/rules governing the conduct of cooperative societies in Nigeria.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- identify the regulations/rules guiding the activities of the cooperative societies
- explain the privileges of registered cooperative members
- assess the rights and liabilities of cooperative society members as stipulated in the by-laws

- examine the duties of cooperative society members.

3.0 MAIN CONTENT

3.1 Registration of Cooperative Societies

According to the Cooperative Societies (Amended) Act (2004) in Kenya, a society has the following as its objectives:

- a) The promotion of the welfare and economic interests of its members, and
- b) Has incorporated in its by-laws the following cooperative principles:
 - i) Voluntary and open membership
 - ii) Democratic member control
 - iii) Economic participation by members
 - iv) Autonomy and independence
 - v) Education, training and information
 - vi) Co-operation among cooperatives, and
 - vii) Concern for the community in general

A society, under this Act, may be registered by the Commissioner as a cooperative society with or without limited liability.

3.2 Privileges of Registered Societies

Upon registration, every society shall become a body corporate by the name under which it is registered, with perpetual succession and a common seal and with power to hold movable and immovable property of every description to enter into contracts, to sue and be sued and to do all things necessary for, or under its bye-laws.

The by-laws of a cooperative society, shall when registered, bind the society and the members thereof to the same extent as if they were signed by each member and contained covenants on the part of each member for himself and his personal representatives to observe all the provisions of the by-laws.

3.3 Rights and Liabilities of Members

The rules and regulations guiding the activities of the members of the cooperative societies are clearly stated in the Act establishing such societies. For instance, in accordance with the provision of Kenya's Cooperative Societies Act (amended) 2004, some of the rights and limitations of members are stated as follows:

- i) A person, other than a cooperative society, shall not be qualified for membership of a cooperative society unless:
 - a) He has attained the age of 18 years.
 - b) His employment, occupation or profession falls within the category or description of those for which the cooperative society is formed.
 - c) He is resident within or occupies land within, the society's area of operation as described in the relevant bye-law.
- ii) No member, other than a cooperative society, shall hold more than one-fifth of the issued and paid-up share capital of any cooperative society.
- iii) No company incorporated or registered under the Companies Act, or no unincorporated body of persons shall be entitled to become a member of a cooperative society, except with a written authorisation through a resolution by a general meeting of that cooperative society.
- iv) No member of a cooperative society shall exercise any of the rights of a member unless he has made such payment to the society in respect of membership, or has acquired such interest in the society as may be prescribed under this Act or under the bye-laws of the society.
- v) No person shall be a member of more than one cooperative society with unlimited liability, and no person shall be a member of more than one cooperative society having the same or similar object; provided that a person who
 - is a member of a cooperative society carries on business on land or at premises outside the area of operation of that cooperative society; may be a member of a cooperative society in whose area of operation that land or those premises are situated, notwithstanding that its objects are the same as or similar to those of the first-mentioned society.
- vi) Each member of a cooperative society shall have one vote only in the affairs of the society, irrespective of the number of shares he holds. Provided that a cooperative society which is a member of any registered society shall have as many votes as may be prescribed by the by-laws of the cooperative society of which it is a member, and may, subject to such by-laws, appoint any number of its committee members, not exceeding the number of such votes, to exercise its voting power.

- vii) A member of a cooperative society shall have the right to:
 - a) Attend and participate in decision making at all general meetings of the society and vote.
 - b) Be elected to organs of the society, subject to its by-laws.
 - c) Enjoy the use of all facilities and services of the society subject to the society's by-laws.
 - d) All legitimate information relating to the society, including internal regulations, registers, minutes of general meetings, supervisory committee reports, annual accounts, inventories and investigation reports, at the society's head office.
- viii) A member of a cooperative society shall have an obligation to:
 - a) Observe and comply with all the society bye-laws and decisions taken by the relevant organs of the cooperative society under the bye-laws of the society.
 - b) Buy and pay up for shares or make any other payments provided for in the by-laws of the society.
 - c) Meet the debts of the society in case of bankruptcy in accordance with the provisions of this Act and the bye-laws of the society.

3.4 Duties of Cooperative Societies

- a) Every cooperative society shall have a registered address to which notices and communications may be sent and shall send to the Commissioner notice of every change of address within one month of the change.
- b) Every cooperative society shall keep a copy of this Act and of the rules/regulations made there-under and of its own by-laws and a list of its members (excluding details of nominees and shareholdings) at its registered office and shall keep them open for inspection by any person, free of charge, at all reasonable times during business hours.
- c) For each financial year, the committee of a cooperative society shall cause to be prepared estimates of the society's income and expenditure including recurrent and capital estimates for approval by the general meeting at least three months before the end of the preceding financial year.

4.0 CONCLUSION

In this unit, you have learnt the various regulations/rules guiding the conduct of cooperative societies in Nigeria. The relevance of these regulations/rules to the attainment of the cooperative objectives was properly discussed. The level of compliance of these societies with the

provisions of the regulations/rules was equally explained. It is hoped that after this lesson you will be properly informed about the nature of and the provisions of the regulations/rules as applied to cooperative societies in Nigeria

5.0 SUMMARY

The nature of and provisions in the regulations/rules governing the internal organisation of cooperative societies has been explained. Adequate information on the content of this unit is expected to provide sufficient knowledge on the basic guidelines governing the conduct of the cooperative societies in Nigeria.

6.0 TUTOR-MARKED ASSIGNMENT

Clearly explain the nature of and the provision of the regulations/rules guiding the conduct of the internal organisation of cooperative societies in Nigeria.

7.0 REFERENCES/FURTHER READING

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UNIT 6 SOURCES OF COOPERATIVE LAWS IN NIGERIA

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Meaning of the Term “Source”
 - 3.1.1 Classes of Sources of Law
 - 3.1.2 Formal Source
 - 3.1.3 Material Source
 - 3.1.4 Authoritative and Binding Source
 - 3.1.5 Other Source
 - 3.2 Theories of Sources of Law
 - 3.2.1 Consensus Theory
 - 3.2.2 Conflict Theory
 - 3.2.3 Other Theory
 - 3.3 Autochthonism
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

We are beginning to look into the Sources of Law. It is perhaps important to distinguish Sources of Laws from Sources of Law. When we look at law as a series rather than as a system, we may refer to Source of Law, which may include sources within and outside the law properly so-called.

In this unit, we are concerned with a legal system, and our focus is on legal sources of law. We shall look into some theories, some of which appear to ally with Social Contract Theory or Marxism as the case may be. Autochthonism will receive some attention to evaluate how homegrown or alien our sources are and the essence, if any, of change.

2.0 OBJECTIVES

By the end of the unit, you will be able to:

- discuss the meaning of terms used
- enumerate the classes, and the theories of sources
- explain the autochthony of law.

3.0 MAIN CONTENT

3.1 Meaning of the Term “Source”

The term “Source(s)” (also termed *fons juris*) may mean the origin and authoritative statement from which the substance of the law is derived. It may also be described as: “something (such as a Constitution, Treaty, Statute, or Custom) that provides authority for legislation and for judicial decisions. A source of law is the point of origin for law or legal analysis.

You may have observed lawyers in court, when they make statements and refer the court to particular decided cases, the Law Reports where such cases can be found, to some Act or Statute and pointing to a particular chapter, part or section. We say that the Law Reports and the Statute or Act so cited are sources of his authoritative statements or law. In the literature of jurisprudence, the problem of “source(s)” relates to the question: Where does the judge obtain the rules by which to decide cases? In our present context: Where do we obtain the law we have been talking about – the law enshrined in the Nigerian legal system?

In this sense of the sources of law, Fullers (cited in Elias (1963) listed the following: statutes, judicial precedents, custom, the opinion of experts, morality and equity. Fuller probably was concerned with “Sources of Laws” rather than Sources of Law – where the law generally draws not only its content but also its force.

In the context of legal research, the term “Sources” connotes:

- (i) the origin of legal concepts and ideas
- (ii) governmental institutions that formulate legal rules
- (iii) the published manifestation of the law.

3.1.1 Classes of Sources of Law

Sources of law may be classified into formal or material, and the latter further subdivided into historical, legal, authoritative and binding, or other sources.

3.1.2 Formal Source

- A formal source is what gives validity to the law.

- Upon what authority is the National Open University of Nigeria established?
- Upon an Act of the National Assembly.
- Who gave the National Assembly authority to legislate?
- The Constitution.
- Where does the Constitution derive its power?
- The general will and power of the people of Nigeria.
- This is the Ultimate Source. Thus, the formal source of law may be traced to the “common consciousness” of the people or the “Divine Will”.

3.1.3 Material Source

Here, we are not concerned with the basis of validity as we did in our discussion of “formal source” of law. We are concerned here with the origin of the substance of the law – Where the law derives from or the authoritative source from which the substance of the law has been drawn. This may be:

(i) Historical

This may comprise the writings of lawyers, e.g. the rules and principles of foreign law. The writings do not form part of the local law until they are formally received or enacted into law. Prior thereto, they serve as persuasive authority.

(ii) Legal

These are sources that are recognised as such by law itself. Examples are statutes, judicial precedents and customary law.

3.1.4 Authoritative and Binding Source

This refers to the origin of the legal rules and principles, which are being enacted or formulated and regarded as authoritative and binding.

Examples are legislations (received law and local statutes), judicial precedents (common law and equity; and local precedents) and customs (customary law).

3.1.5 Other Sources

These are non-formal sources or origin of legal rules that lack authority but are merely persuasive.

Professor Elias considered the “Source of Law” in terms of the mainspring of its authority and classified this into six categories, namely:

- (i) Local laws and custom
- (ii) English Common Law, the doctrines of English Equity and Statutes of general applications in force in England on 1st January, 1900
- (iii) Local legislation, and the interpretations based thereupon
- (iv) Law Reports
- (v) Textbooks and monographs on Nigerian law;
- (vi) Judicial precedents.

There is no hard and fast rule on the classification of Source. What is of essence is knowing or identifying the sources themselves and the theories that have been proffered.

3.2 Theories of Sources of Law

Legal writers have proffered sources of law, which may neatly be discussed under three headings, namely:

- (i) Consensus Theory
- (ii) Conflict Theory
- (iii) Other Theory (Middle Course)

3.2.1 Consensus Theory

This theory conceives of a legal system as a product of consensus idea of society, functioning as an integrated structure, whose members agree on the norms, rules, and values, which they have mutually and voluntarily agreed should be uniformly respected. In Nigeria, sovereignty and supremacy reside on people, not their ruler and these people are represented by the members of the House of Assembly, House of Representatives and the Senate, who make laws on their behalf.

In the traditional societies with and without chiefs, the monarch and chiefs declare what the law has always been from time immemorial, and where they are in doubt, they consult The Qur’an, The Holy Bible, or the Oracle.

3.2.2 Conflict Theory

The conflict theory is to the effect that the society is made up of series of conflicting and competing groups, and law and legal system is a

dictate of the wealthy and powerful in the society to perpetuate their positions and class interests. Whether the lawmakers are wealthy or go into law-making in order to acquire wealth or get wealthier is arguable.

However, there is freedom of expression at the floor of the Houses and immunity from liability from what goes on there. Dictates of wealth or power do not, therefore, appear real or apparent in the passing of bills into law.

3.2.3 Other Theory (Middle Course)

There is a middle course between Consensus Theory and Conflict Theory. This middle of the road approach argues that legal system is the handiwork of those exercising political and legal powers of the state, not necessarily to protect their own class interests, but expressing the definition of the privileged group, their values, notions and morals.

3.3 Autochthonism

Legal theorists have raised the further argument of how much of our laws and their sources are autochthonous. Autochthonism or autochthony pertains to the nativity of the law. That is to say, the extent to which the law is or is not indigenous or native to the land in which it operates. Are the sources of Nigerian law indigenous (autochthony) or foreign (alien)?

Autochthonous legislation, for example, may be one which does not trace its validity to any foreign legislature; rather, it is homegrown and rooted in the country. Autochthony has two aspects:

- (i) **Formal Autochthony:** This relates to the “Source(s)” from which the law or the Court, derives its authority as law.
- (ii) **Substantive Autochthony:** This refers to the contents of the legislation or law, e.g. the frame of government which the Constitution has established.

Autochthony envisages

- (i) a new birth, some kind of break in legal continuity
- (ii) the enactment by virtue of authority, native to it or inherent in the local enacting body.

Exponents of Africanism have extended these requisites to include attempts to refashion their constitutions and to reflect the African traditional ideas of government and powers authentically. Researchers in cooperative legislation and law thinks that a break in legal continuity is a prerequisite to making a constitution (or any law) if it is to be credited

with a fully autochthonous source. The essence of the break is to remove the semblance of having been made in any way under the authority of the Metropolitan power. Professor Robsin has expressed a contrary view, emphasising that what is of much more importance is the continued acceptance of the Constitution (or law) by the people subject to it.

Let us examine the autochthony of our Constitution for an illustration:

The Preamble to the Independence Constitution, 1960 states:

“The Queen’s Most Excellent Majesty-in-Council, Her Majesty, by virtue and in the exercise of powers in that behalf by the Foreign Jurisdiction Act, 1890 (a) or otherwise in Her Majesty vested, is pleased by and with the advice of Her Privy Council, to order, and it is hereby ordered as follows:

- (i) “This order may be cited as Nigeria (Constitution) Order in Council, 1960”.

Upon Attainment of Independence, both Nigeria and the United Kingdom renounced the metropolitan power to make laws for the new Independent State of Nigeria which thereafter became vested with powers, however, limited to amend, replace, the Imposed Constitution and other laws.

The Preamble for the 1963 Constitution provides:

“Having resolved firmly to establish the Federal Republic of Nigeria

 We, the people of Nigeria, by our representatives here in Parliament assembled, do hereby declare, enact and give ourselves the following Constitution

This Constitution, 1960 metamorphosed into the Federal Republic of Nigeria (FRN) Constitutions 1963, 1979 and 1999 with some amendments.

SELF-ASSESSMENT EXERCISE

1. Account for the autochthony of the Nigerian Constitution.

4.0 CONCLUSION

You learnt the sources of law in Nigeria. You also learnt the meaning of the term “Source”, then its classification as well as the theories behind it and the extent to which the classes are homegrown or alien.

5.0 SUMMARY

In this unit, we have tried to examine the term: “the sources of law” rather than “sources of laws”. The theories relating to sources range from consensus to conflict and middle of the road approach. These have been discussed. It is an open question whether the sources of our Constitution and laws are autochthonous (homegrown) or alien.

Contemporary writers, including Professor Nwabueze have contended that the importance of legal autochthony relates more to the contents of the law rather than the origin of the Constitution (or any law) or substantive autochthony. The argument for legal autochthony tends to excite nationalistic sentiments and perhaps pride. Legal autochthony is not to be desired for its own sake. Rather it is to be seen as a means of effecting changes in the Constitution (or any law).

6.0 TUTOR MARKED ASSIGNMENT

Give an account of the difficulties met with in attempting to formulate a satisfactory classification of laws.

7.0 REFERENCES AND FURTHER READING

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MODULE 2

Unit 1	Registration of Cooperatives
Unit 2	Functions of Boards of Director in a Cooperative Organisation
Unit 3	Nature of General Meetings in a Cooperative Society
Unit 4	Nature of a Management Committee in a Cooperative Society
Unit 5	Roles of Management Committee
Unit 6	Composition of a Management Committee

UNIT 1 REGISTRATION OF COOPERATIVES

CONTENTS

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3.0	Main Content
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3.2	Qualification of a Director
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1.0 INTRODUCTION

In this unit, you will learn about the criteria for the appointment of a Federal or State Director of Cooperatives and the qualification of the Director. We shall also discuss the types of societies which may be registered and the conditions for their registration as cooperative societies.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- discuss the criteria for the appointment of a federal or state director of cooperatives
- highlight or state the qualifications required for a director to be appointed
- list the discuss the types of societies that may register as cooperatives
- enumerate the conditions for non-registration as cooperative societies
- explain the effect of registration as a cooperative society.

3.0 MAIN CONTENT

3.1 Appointment of Federal Director of Cooperative or State Director of Cooperatives

Section (1) of the Cooperative Societies Act of 1993 provides that: “The President, Commander-in-Chief of the Armed Forces may:

- (a) appoint a person to be a Federal Director of Cooperatives
- (b) appoint persons to assist him
- (c) by notice in the gazette confer all or any of the powers of a Director under this Decree on any such person.

Subsection 2 of the Decree also stipulates that the governor of a state may appoint a person to be the Director of Cooperatives in the State and may appoint persons to assist him and shall by or notice in the State Gazette, confer on any such person all or any of the powers of a director under the Act.

3.2 Qualification of a Director

To be qualified as a Director of Cooperatives, a person must possess the following qualifications:

1. must be of sound mind
2. must not be a bankrupt
3. should not be an ex-convict.

3.3 Functions of a Director

The following are the functions of a Director of Cooperatives:

- (a) Regulation and supervision of the registration and management supervision and widening up of cooperative societies
- (b) The establishment and maintenance of cooperative societies
- (c) He arranges and conducts investigations into the affairs of any cooperative society registered by it
- (d) He performs other functions as may be specified by the Cooperative Societies Act of 1993
- (e) He undertakes any other activities as may be relevant to the execution of the provisions of the Act.

3.4 Cooperative Society: Definition

A cooperative society is an association of persons who have voluntarily joined together to achieve a common end and through the formation of a democratically controlled organisation, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the members actively participate. Once registered, a cooperative society becomes a legal person. A legal person is an entity which the law regards as having rights and duties. Generally, the law recognises two distinct categories of persons, namely:

- (i) Natural person
- (ii) Artificial person.

Cooperative societies are artificial entities which the law regards as existing once the procedure for their establishment has been complied with.

3.4.1 Types of Cooperative Society

There are two types of corporative:

- (a) Corporation Sole
- (b) Corporation Aggregate

(a) Corporation Sole

This is a legal person representing an official position. The post which is usually occupied by series of successive human beings has the General Overseer of a Church, the Vice-Chancellor of a University, the Oba, the Obi, Emir or Eze of a town.

(b) Corporation Aggregate

This is also a legal person formed by a group of people to carry on certain activities, especially trading for profit. They are simply known as companies. They usually have more members, i.e. limited liability companies.

The cooperative law equally divides cooperative societies into the following:

- (i) Primary Cooperative Society
- (ii) Secondary Cooperative Organisation
- (iii) Central Financing Society
- (iv) Central Society
- (v) Apex Cooperative Society

1. Primary cooperative society

This is a cooperative organisation whose membership is made up of at least ten persons. It is the commonest type of cooperative society as it can be found all over the state, including the urban and rural areas.

People with a common interest form it either as residents of a particular area, or trader in a specific commodity etc. It must have at least ten persons and such persons must have individually satisfied the provision of Section 24, which state expressly that:

No person must be a member of more than one registered society whose primary objective is to grant loans to its members, except such a person has been given prior consent to do so by the registered society concerned.

2. Secondary cooperative organisation

This refers to a cooperative organisation whose membership is made up of primary cooperative societies. Each of the above types of cooperative societies can either have its liability limited or unlimited, but in practice, one will find out that most cooperative societies are limited liability organisations.

3. Central financing society

This is a registered society of which the principal object is to make loans available to other registered societies.

4. Central society

This is a registered society established to facilitate the operations of registered societies in accordance with cooperative principles and includes a central financing society. However, this type of society can only be registered under the Cooperative Law if it has at least two registered societies as its members.

5. Apex cooperative society

This is a cooperative organisation whose membership is made up of secondary cooperative societies.

Cooperative societies may either be limited or unlimited.

- (a) Limited Company or Cooperative Society
- (b) Unlimited Liability Company

(a) Limited company or cooperative society

A limited company or cooperative societies may be limited by shares or limited by guarantee.

- (i) **Limited by shares:** This means that the memorandum limits the liability of members to the number of unpaid shares.
- (ii) **Company or Cooperative Society Limited by Guarantee:** This means that the memorandum limits the members' liability to the amount which the members may respectively undertake to contribute to the assets of the company or society in the event of winding up or liquidation.

Generally, a company limited by guarantee shall not be incorporated for the object of carrying on a business of profit to be distributed to members. All charitable companies or associations are registered as companies limited by guarantee and cannot have share capital.

(b) Unlimited liability company

There is no limit to the amount of liability which members can incur in the event of a liquidation. Members have to contribute, if possible, from various other sources to pay for the debt of the company or cooperative society.

3.4.2 Features of the Cooperative Society under the Cooperative Law Decree 90 of 1993

The features are as follows:

- (a) It established a Cooperative Societies Decree hereinafter referred to as Nigeria Cooperative Society Decree of 1993 (Section 1).
- (b) As for the formation of the cooperative society under the Decree, any ten persons or more may form a primary society (Section 22).
- (c) Under the Decree, a society may be registered as an industrial society or as a primary or secondary society.
- (d) A society may be registered as a cooperative society under the Decree if:
 - (i) It is a limited liability society, and
 - (ii) It has as its objects the promotion of the socio-economic interests of its members under the cooperative principles or established to facilitate the operations of those societies.
- (e) The Cooperative Society Decree also seemed to have abolished the age-long rule in *Foss v. Harbottle* (1843) 2 K. B461 which states that where wrong had been done to the cooperative society or in a case of irregularity in its operations, the proper plaintiff should be the company.

3.5 Formation of a Cooperative Society

Promotion of a cooperative society is like the promotion of a company which is usually undertaken by a person who takes necessary steps and makes necessary arrangement towards incorporation or registration. Such steps may also involve engaging the services of professionals such as accountant and lawyers who are one of the promoters in the real sense of it.

3.5.1 Duties of Promoters of Cooperative Societies

The duties of the promoters of cooperative societies are as follows:

- (a) He decides on the name, the object, address and liabilities of members.
- (b) He prepares the cooperative society bye-laws.
- (c) He forwards the cooperative society name, bye-laws for registration.
- (d) He registers the cooperative society with its bye-laws.

3.6 Registration of a Cooperative Society

To be qualified for registration as a cooperative society, the association must be limited liability society and has at its objects the promotion of the socio-economic interest of its members which must be in accordance with the cooperative principles. The purpose of its establishment must also be to facilitate the operation of these principles.

A cooperative society is registered where all necessary forms have been filled and lodged with the Director of Cooperative Society. It is also accompanied by the document such as the proposed bye-laws of the society as prescribed by the Director. Registered office (not post office box) and the declaration of compliance with the provision of the Nigerian Cooperative Societies Decree 90 of 1993. The Director of Cooperative Societies, if satisfied, issues a certificate. The duties of the Director of Cooperative Societies are merely administrative. The cooperative societies commence business immediately the society is registered.

Section 5 (1) of the Cooperative Societies Laws of Nigeria states that: "If the Director is satisfied that a society has complied with the provision of Sections 3 and 4 of the Decree and that its proposed bye-laws are not contrary to the provisions of the Law, he shall register the society and the bye-laws". Section 5 (2) states that "If the Director refuses to register a society, the society may, within 60 days from the date of the notification to it by the Director of his refusal to register the society, appeal against the refusal to the Minister or Commissioner as the case may be". Section 5 (3) states that "The Director shall within 60 days dispose of an application for registration by a society".

3.7 Conditions for Non-Registration of a Cooperative Society

According to Sections 3 and 4 of the Cooperative Society Laws of the Federation, the Director of Cooperative shall register the society except and unless in his opinion:

- (a) It does not comply with the provisions of the Decree.
- (b) The business which the cooperative society is to carry on or the objects for which it is formed or any of them are illegal.
- (c) There is non-compliance with the requirements of any other law as to registration of cooperative societies.
- (d) The proposed name conflicts with or is likely to conflict with the provisions of the Cooperative Society Decree, 1993.

3.8 Consequence of Registration

According to Section 6 (1), upon registration of a cooperative society and its bye-laws, the Director of Cooperative shall certify under its seal as follows:

- (a) As a body corporate by the name under which it is registered
- (b) Has perpetual succession and a common seal
- (c) Have powers to hold movable and immovable property
- (d) Enter into contract
- (e) Have the power to institute and defend suits and other legal proceedings
- (f) Do all things necessary for its constitution.

3.9 The Certificate of Registration

According to Section 7 of the Cooperative Society Laws of 1993, the Certificate of Registration signed, sealed and delivered by the Director of Cooperative shall be conclusive evidence that the society mentioned in the certificate is duly registered. This means that all requirements of this Decree in respect of registration and of matters precedent and incidental to it have been complied with. As from the date of registration mentioned on the Certificate of Registration of the cooperative society, it becomes a body corporate.

3.10 Effects of Registration

Upon registration, the cooperative society becomes a corporate body and legal personality with the following characteristics:

It assumes a separate existence distinct from that of its founder. It becomes a legal personality according to the doctrine in *Salomon v. Salomon* (1897) AC 22 (HC). Also, in *Lee v. Lee* (1961) 6 AC 12. Lee established and incorporated a flying school for trainee pilots. The company had a share capital of 300 out of which Lee had 299. Lee later died in a crash. His widow claimed compensation from the company. It was held that she was entitled to the claim because late Lee and Lee's Air Farming Limited were a separate and distinct legal person.

- (a) The society assumes perpetual succession. It can never die except liquidated through the statutorily laid down procedure of winding up.
- (b) There are transfer and transmission of shares or interest.
- (c) It can hold, own or dispose of properties.
- (d) It can borrow or lend out money in its name.

- (e) As a juristic personality, it can sue and be sued in its own name.

4.0 CONCLUSION

Although the cooperative society is a legal entity and separates from its founders as enunciated in *Salomon and Lee v. Lee's Air Farming Limited*, it invariably conducts its affairs through the instrumentality of the agency of a natural person. These natural persons are elected from members of the society, and their actions bind the society.

5.0 SUMMARY

In this unit, you learnt the following:

- appointment of Directors by the Federal or State Government
- functions and powers of the Directors
- registration of cooperative societies
- conditions to be fulfilled before registration of cooperative societies and the effect of registration on cooperative societies.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the conditions for registration of cooperative societies.
2. Mention and explain two types of cooperative societies.

7.0 REFERENCES/FURTHER READING

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UNIT 2 FUNCTIONS OF BOARDS OF DIRECTOR IN A COOPERATIVE ORGANISATION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Qualifications of a Director
 - 3.2 Functions of a Director
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The constitution of the board of directors is very important in the management of cooperative societies. The guidelines for the selection of the board members are usually stipulated in the bye-laws governing the conduct of the societies.

The selection process needs to be properly followed so that qualified board members can emerge for the society. The boards of directors again have stipulated functions to be performed so as to meet the set objectives of the society. In this unit, therefore, we shall be examining the guidelines for the selection of the board of directors. Emphasis is, however, placed on the functions of the directors in the management of cooperative societies in Nigeria.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- discuss the guidelines for the selection of the board of directors of the cooperative societies
- explain the various functions of the board of directors of cooperative societies as stipulated in the bye-laws of the societies.

3.0 MAIN CONTENT

3.1 Qualifications of a Director

For effective management, a cooperative society must follow some guidelines in selecting directors. The following are some of the important qualifications of a director:

- i. Believes in, invests in, and patronises the cooperative
- ii. Be willing to take the time necessary to attend and participate in all board meetings
- iii. Be qualified to make decisions in the overall interest of the organisation
- iv. Ready to work well with others as a team and support majority decisions
- v. Does not expect or promote special favours for himself, relatives or friends
- vi. Does not discuss confidential matters brought up in board meetings with outsiders;
- vii. He is not influenced by religious, political or other issues unrelated to the business of the cooperatives
- viii. He is progressive in developing new ideas that will contribute to the success of the organisation
- xi. He is willing to submit such ideas for consideration for the collective progress of his society.

3.2 Functions of a Director

The functions of directors are normally set out in the association's bye-laws. However, the following functions are particularly important:

- a. Become familiar with the articles of incorporation and bye-laws of the cooperative and conduct the business under their provisions.
- b. Retain a legal adviser who is familiar with cooperative laws for legal advice as needed.
- c. Hire a competent manager, determine his salary and outline his duties and authority. The board should give special consideration to the following items when selecting a manager:
 - i. Age and physical condition
 - ii. Business experience, integrity and an understanding of the necessary record keeping in a cooperative
 - iii. Ability to work with people and to select and train employees
 - iv. Ability to plan ahead and coordinate operations
 - v. A general understanding of cooperatives and their objectives
 - vi. Determination to follow cooperative principles
- d. Adopt policies for the guidance of the manager and make them a part of the minutes. They should include such items as credits to

- patrons, source and limits of supply inventories, general personnel regulations, etc.
- e. Require written monthly financial reports and operating statements for board meetings in order to be informed of adverse as well as favourable operations.
 - f. Direct the manager to prepare before the close of each year an operating budget for the next fiscal year for the approval of the board. This budget should estimate the volume of sales and gross income of various items to be handled, the expenses by account clarifications, and the expected net income. This constitutes forward planning on the part of the board and management. The budget should be viewed at intervals throughout the year to determine the trends of the business. Explanations should be found for serious deviations from the budget.
 - g. Attend regular and special meetings of the board. At times, it may be desirable for boards to devote a part of their meeting to an executive session where only board members are present to permit a completely free discussion.
 - h. Understand the terms of all contracts into which the cooperative has entered by the authority of the board-leases, loan agreements, supply and other contracts, etc.
 - i. Be sure that any projected expansion programme is definitely needed and that provision is made for adequate financing before giving final approval.
 - j. The board should maintain an active interest in the amount and condition of inventories and make such inspections as conditions warrant.
 - k. Employ a qualified auditor to make an independent audit at regular intervals of at least once each year and report directly to the board.
 - l. Board members should not act independently on matters which should be decided by the entire board.

4.0 CONCLUSION

In this unit, you were taken through explanations on the functions of the board of directors of cooperative societies. This discussion was anchored on the provision of the bye-laws. Deep understanding of these functions will enable you to know the various functions expected of the board of directors of cooperative societies.

5.0 SUMMARY

In-depth information was provided on the guidelines for selecting directors of management boards of cooperative societies. The various

functions of the directors, as stated by the association's bye-laws, were fully discussed. You should also know other information, such as the process of conducting board of directors' meeting.

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain the guidelines for the selection of directors.
2. List and fully discuss at least six functions of the board of directors of cooperative societies.

7.0 REFERENCES/FURTHER READING

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UNIT 3 NATURE OF GENERAL MEETINGS IN A COOPERATIVE SOCIETY

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Quorum of a General Meeting
 - 3.2 Powers of Annual General Meetings
 - 3.3 Voting in a General Meeting
 - 3.4 Length and service of notice for Calling a General Meeting
 - 3.5 Minutes of a General Meeting
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Without any prejudice to the provisions of the Delhi Cooperative Societies Rule 1973, every cooperative society is expected to hold a meeting of its general body which shall be styled 'Annual General Meeting' at the intervals and under the provisions specified below:

- a) The first annual general meeting shall be held within 18 months of its registration.
- b) The next annual general meeting shall be held by the society within six months of 15th April following the expiry of the cooperative year in which the first, annual general meeting was held. After that, an annual general meeting shall be held within six months after 15th April following the expiry of each cooperative year. (Amended on 18.5.89)
- c) Except in the case wherein the exercise of his power under section 29, the Registrar has extended the time for holding the annual general meeting by any cooperative society, not more than 15 months shall elapse between the date of one annual general meeting and that of the next.
- (d) Where a management committee of the society fails to hold the general body meeting within the prescribed time limit referred to above, the Registrar, shall call a general body meeting of the society to transact the business as provided under section 29 and

the expenditure incurred thereon shall be a charge on the delinquent members of the committee of the society who have failed to conduct the general body meeting of the society within the prescribed time limit. The said amount shall be recoverable as arrears of land revenue from such delinquent members of the committee of the society by the Registrar. (Added on 6.8.97).

A requisition for a special general meeting to be convened under section 30 shall state the object of the meeting time and date of the meeting, and shall be signed by the members or the Registrar, as the case may be, and shall be sent to the registered office of the society.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- discuss how quorum is formed for general meetings
- appreciate the powers of annual general meetings
- explain how voting is conducted at general meetings
- examine the length and service of notice for calling general meetings
- analyse the relevance and contents of the minutes of general meetings.

3.0 MAIN CONTENT

3.1 Quorum of a General Meeting

- a. Notwithstanding anything contained in the bye-laws, the quorum for a general meeting shall be one-third of the total number of members subsisting as such on the date of notice of the meeting subject to a minimum of ten members.
- b. No business shall be transacted at any general meeting unless there is a quorum at a time where the business of the meeting is due to commence.
- c. If within one hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned for half an hour on the same day, which should be specified in the notice calling the meeting, but if the meeting is called upon the requisition of the members of the society (not the Registrar) it shall stand dissolved.
(Amended on 6.8.97). Provided that at the adjourned meeting, no quorum shall be necessary.
- d. If at any time during the meeting a sufficient number of members is not present to form a quorum, the Chairman/President of the meeting, on his own motion or on his attention being drawn to

this fact, shall adjourn the meeting at such convenient time, date and place as he thinks fit. And the business to be transacted at the adjourned meeting shall be transacted in the usual manner even if no quorum is there present.

3.2 Powers of Annual General Meetings

1. Without prejudice to the provisions of section 29, the general meeting alone shall have the power to transact the following businesses:
 - (a) Fixing the maximum credit limit of a cooperative society subject to the approval of the Registrar.
 - (b) Election, suspension and removal of members of the committee other than the nominated members. Provided that an interim vacancy of the committee may be filled up by co-option by the remaining member of the committee until the election is held.
 - (c) Expulsion of the members.

3.3 Voting in a General Meeting

1. A resolution which is put to the vote of a general meeting shall be decided by a show of hand unless (whether before or after the declaration of the result of the show of hands) a poll is demanded by at least ten members and agreed by the Chairman and if no poll is demanded, a declaration by the Chairman of such meeting that a resolution has been carried or lost and an entry to that effect in the minutes of the proceedings shall, for the purposes of the Act, be conclusive proof of the fact that such resolution has been duly carried or lost out. It shall not be proof of the number or proportion of the votes recorded in favour of or against such resolution.
2. If a poll is demanded, the votes shall be taken in such manner and at such time as the Chairman of the meeting directs subject to any provision in the bye-laws in this behalf, and the result of such poll shall be deemed to be the decision regarding the resolution over which the poll is demanded.
3. Subject to the Rules and the bye-laws, when a poll is taken the voting may be by ballot if the Chairman of the meeting so decides.
4. When a poll is taken the number of members voting for or against a resolution shall be recorded in the minutes of the proceedings.

3.4 Length and Service of Notice for Calling a General Meeting

1. Annual general meeting of a cooperative society may be called by giving not less than 14 days' notice in writing.
2. Special general meeting of a cooperative society may be called by giving not less than seven days' notice in writing.
3. Notwithstanding anything contained in the bye-laws, when a general meeting is called under the provision of subsection (1) of section 29, or in pursuance of sub-section (2) of section 30, the Registrar may determine the period of notice for such meeting, the time and place of the meeting and the subject to be considered thereat. Registrar may preside over such meeting or authorise any person to so preside.
4. Notice of every general meeting of a cooperative society shall be given to every member of the society either personally or by sending it through the post to him at his registered address in the Union Territory of Delhi, or if he has no registered address in Delhi to the address if any out of Delhi supplied by him to the society for giving notices to him. Where the notice is sent by post, service thereof shall be deemed to be effected after the expiry of 48 hours after the letter containing the notice is posted by properly addressing, prepaying and posting it, provided that where a member has intimated to the society in advance that notice of a general meeting should be sent to him by registered post with or without acknowledgement due and has deposited or has given undertaking to deposit with the society a sum sufficient to defray the expenses of doing so, the service of the notice shall not be deemed to be effected unless it is sent by registered post.
5. The accidental omission in the opinion of the Registrar to give notice of a non-receipt of notice by any member shall not invalidate the proceedings at the general meeting.
6. The notice of an annual general meeting shall be accompanied by a copy each of audited balance-sheet profit and loss account together with the audit report thereon relating to the preceding year and the report of the committee (Amended on 24.5.82).

3.5 Minutes of a General Meeting

1. Every cooperative society shall cause minutes of proceedings of general meetings to be entered in a book kept for that purpose.
2. Unless the minutes are drawn up and are duly signed by the Chairman immediately on the termination of the meeting, the minutes free from all alterations or corrections, shall be drawn up and shall be signed by the Chairman of the meeting within four working days from the time when the meeting terminated, the minutes so signed shall be evidence of the proceeding of the meeting. (Amended on 24.5.82)

3. Until the contrary is proved, every general meeting of a society in respect of the proceedings whereof minutes have been so recorded shall be deemed to have been duly called and held.

4.0 CONCLUSION

Different areas of interest bordering on a quorum of a general meeting, powers of annual general meetings, voting in a general meeting, length and services of notice for calling general meetings and minutes of general meetings have been carefully discussed. Special reference has been made to the provision of the Delhi Cooperative Societies Rule, 1973. The provision has a global application and acceptability, particularly in developing economies.

5.0 SUMMARY

This unit has treated very germane topics on general meetings in cooperative societies. Information so acquired is expected to be of immense benefits to you, particularly in the management of the cooperatives.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the powers of annual general meetings.
2. Explain the voting process at general meetings.

7.0 REFERENCES/FURTHER READING

The Delhi Cooperative Societies Rule (1973). *Management of Cooperative Societies*.

Owolabi, N. B. & Badmus, M.A. (2003). *Nigeria Business and Cooperative Law*. Printants Limited.

Sofowora, M.O. (1999). *General Principle of Business and Cooperative Law*. Soff Associates. p115.

UNIT 4 NATURE OF A MANAGEMENT COMMITTEE IN A COOPERATIVE SOCIETY

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Meetings of the Management Committee
 - 3.2 Suppression of Management Committee
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Good management is essential to a successful cooperative society as it enables the society to achieve the set objectives. However, quite often, Management committees are put in place to, on behalf of the society, undergo certain responsibilities. Members of these committees are usually people of proven integrity (people of impeccable characters). They are usually professionals in their chosen careers and therefore believed to be able to handle responsibilities for the societies with assured success. This unit, therefore, makes special reference to the Delhi Cooperative Societies Rule, 1973 for fuller discussions.

2.0 OBJECTIVES

At the end of the unit, you will be able to:

- discuss the relevance of management committee in the running of cooperatives
- explain what could lead to the suppression of the management committee.

3.0 MAIN CONTENT

3.1 Meetings of the Management Committee

1. A committee of a cooperative society shall exercise all the powers of the society, discharge all the duties as may be specified in its bye-laws by means of resolutions passed at its meetings. No resolution shall be passed by circulation.

2. A committee shall meet as often as required, but a meeting shall be held at least once in every month, in case of Primary Societies and one in three months in case of Federal Societies and Financing Bank provided that where the committee fails to hold a meeting for three consecutive months in case of primary Cooperative Societies and nine months in case of Federal Societies and Financing Bank, the Registrar may appoint the Election Officer for conducting the election of the management committee of such Primary Society, federal society or financing bank (Amended on 24.5.82).
3. Notice of every meeting shall be given to every member of the committee in writing under the signature of the President or Secretary at least five days prior to the scheduled date to the meeting which must be served either personally or by post under certificate of posting. Where the notice is sent by post, services thereof shall be deemed to be effective after the expiry of 48 hours after the letter containing the notice is posted properly, addressing, prepaying, posting it. Provided that where a member has indicated to the society in advance that notice of a committee meeting should be sent to him by registered post with or without acknowledgement due and has deposited or had given undertaking to deposit with the society a sum sufficient to defray the expenses of doing so, the service of notice shall not be deemed to be effective unless it is sent by registered post. However, in case of an emergency meeting, the service of such notice of the emergency meeting must be ensured at least 24 hours before the scheduled date and time of the meeting. (Amended on S.9.88)
4. If a member of the committee of a society fails to attend its three mandatory meetings (monthly)/ (quarterly) consecutively, he shall be given notice of it by registered post and shall be deemed to have vacated his office and from that date shall cease to be a member of the committee, the vacancy shall be filled by co-option by other members of the committee. (Amended on 6.8.97)
5. Notwithstanding anything contained in the bye-laws of any cooperative society, the committee of a cooperative society shall cause minutes of all proceedings of its meeting to be entered in the book for the purpose in handwritten at the spot in the presence of members present and voting. The minutes of each meeting shall contain the names of the members present, names of the members, if any, dissenting from or not concurring in and of its religion. At the end of the minutes, each member present and voting shall sign them. If the minutes are not made and

recorded in this minute, they shall not be considered valid, and under such circumstances, it shall be presumed that no meeting was held. Provided that in case of urban cooperative banks, urban thrift and credit societies and cooperative federations, the proceeding shall be signed by the Chairman of the meeting and shall be confirmed in the next meeting of the committee. (Amended on 6.8.97)

6. Notwithstanding anything contained in the bye-laws of the cooperative society, the quorum for a committee shall be one-third of the total number of the members of the committee subject to a minimum of three. (Amended on 6.8.97)

3.2 Suppression of Committee

1. The notice to show cause why the committee of a cooperative society shall not be removed under section 32 shall contain the grounds on which the proposed action is contemplated and shall be addressed to the Chairman/President of the society and sent to him at his last known address, if any, or at the registered address of the society by registered post. The service of the notice shall be complete as soon as the letter containing this notice is posted.
2. As soon as the Registrar under section 32 makes the order removing the committee. All the members of the committee shall be deemed to have vacated their respective offices from the date of the order and shall hand over charge of the assets and liabilities and record of the society to a person appointed by the Registrar or to the administrator appointed by him.

4.0 CONCLUSION

In this unit, you were taken through discussions on the meetings of the management committees and the causes of suppression of the committee.

Information so gained enables you to know the key roles that management committees play in cooperative affairs.

5.0 SUMMARY

Management committees are very important in the running of cooperatives. Members of the committee undertake a series of responsibilities on behalf of the society, thereby reducing bureaucracy and time wastage.

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain the importance of management committees in cooperatives.
2. Identify ways of suppression of the management committee.

7.0 REFERENCES/FURTHER READING

Akinwumi, J.A. (1988). *Business Management for Cooperative Students and Practising Managers*. Department of Agricultural Economics, University of Ibadan.

Ihimodu I. I. (1988). *Cooperative Economics: Concise Analysis in Theory and Applications*. Ilorin, Nigeria: University of Ilorin Press.

Owolabi, N. B. & Badmus, M. A. (2003): *Nigeria Business and Cooperative Law*. Printants Limited.

UNIT 5 ROLES OF MANAGEMENT COMMITTEES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Management Committees
 - 3.2 Roles of Management Committees
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Management committees constitute a very vital organ in the policy formulation and direction of registered societies generally. Such are the powers and statute of the committee that the general meeting cannot overturn the acts of the committee provided they are within the powers delegated to them.

Further, the committee is also restricted by the rules of the society as spelt out under the bye-laws of cooperatives. This is because any act done or purportedly done by the committee which is outside the powers of the society is said to be *ultra vires* as it applies to registered societies.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- explain the term ‘management committee’
- identify and discuss the roles of the management committee of cooperative societies.

3.0 MAIN CONTENT

3.1 Management Committees

Management committees/board members have ultimate responsibility for directing the activity of the organisation, ensuring it is well run and delivering the outcomes for which it has been set up. Every management committee/board should provide leadership to the society by:

- Setting the strategic direction to guide and direct the activities of the organisation.

- Ensuring the effective management of the organisation and its activities.
- Monitoring the activities of the organisation to ensure they are in keeping with the founding principles, objects and values.

3.2 Roles of Management Committees

Management committee members carry out a vital role on behalf of the cooperative society. Their role is not necessarily about doing; it is about ensuring things are done. Usually, the day-to-day management of the organisation will be delegated to paid staff or to volunteers, although the management committees of smaller organisations are often much more actively involved. A management committee is a group of people who are held accountable for the activities of the cooperative. It is the ultimate decision-making forum. Management Committees are also frequently referred to as Boards of Trustees, Governing Bodies, or Executive Committees.

A Management committee plays an important role in the organisation as both leaders and decision-makers. The overall responsibilities of the committee are summarised below:

a. Vision and leadership

The management committee ensures that everything the society does supports its vision, purpose and aims. It establishes the fundamental values, the ethical principles and strategic direction in which the cooperative operates.

b. Accountability

The management committee must account for everything the organisation does, including its spending and other activities. The committee is accountable to the membership of the society and other stakeholders such as funders and donors. The committee monitors and evaluates all areas of the society's performance.

c. Keeping it legal

The management committee ensures compliance with all relevant legal and regulatory requirements and seeks guidance around any uncertainties. Everything the committee and the society do must also be in line with the provisions of the bye-laws.

d. Financial oversight

The management committee ensures that all money, property and resources are properly used, managed and accounted for. In order to be accountable, suitable systems must be in place and kept up to date.

e. Managing staff and volunteers

In societies that employ staff, the management committee is essentially the employer. They must ensure that appropriate policies are in place for staff and for volunteers and that both are properly managed and supported. The management committee, usually represented by the Chairperson, also directly line manages the most senior staff member.

4.0 CONCLUSION

This unit discussed the concept of the management committee and the roles of management committees in cooperative societies. Effective performance of the committee will help to ensure a high level of efficiency and robust portfolio management for the cooperatives.

5.0 SUMMARY

Management committees play vital roles in running of cooperative societies as they are usually charged with the responsibilities of carrying out certain obligations on behalf of the society. Good committee performance enables the society to achieve the set objectives as provided in the bye-laws.

6.0 TUTOR-MARKED ASSIGNMENT

1. What do you understand by 'Management Committee'?
2. List and discuss the roles of the management committee in running the affairs of cooperative societies.

7.0 REFERENCES/FURTHER READING

- Akinwumi, J.A. (1988). *Business Management for Cooperative Students and Practising Managers*. Department of Agricultural Economics, University of Ibadan.
- DIY Committee Guide (2005). *Roles of the Management Committee*. London.
- Ihimodu, I.I. (1988). *Cooperative Economics: Concise Analysis in Theory and Applications*. Ilorin, Nigeria: University of Ilorin Press.

Owolabi, N. B. & Badmus, M.A. (2003). *Nigeria Business and Cooperative Law*. Printants Limited.

UNIT 6 COMPOSITION OF A MANAGEMENT COMMITTEE

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Composition of a Management Committee
 - 3.1.1 The Chairperson
 - 3.1.2 The Secretary
 - 3.1.3 The Treasurer
 - 3.1.4 The Vice Chair
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Cooperative societies need to carry a lot of responsibilities for and on behalf of the members to meet their yearnings and aspirations. However, to ensure effectiveness and reduce bureaucracy in the discharge of the responsibilities by the societies to members, it may be imperative to assign some of the responsibilities to appointed/selected officials who will carry out these duties on behalf of the society. Some of these officials include Chairperson, vice-chair, secretary and treasurer. In this unit, therefore, you will be put through tutorials on the composition of management committees.

2.0 OBJECTIVES

By the end of the unit, you will be able to:

- discuss the composition of the management committee of a cooperative society
- appreciate the distinct roles of the key officers of the management committee.

3.0 MAIN CONTENT

3.1 Composition of a Management Committee

Management committees comprise the key officers who take certain responsibilities on behalf of the committee. Prominent among these officers are:

- Chairperson
- Vice-chairperson
- Secretary
- Treasurer

The management committee may need some of its members to take special roles to help it function effectively. These members are described as office-bearers or honorary officers. Honorary officers generally include Chairperson, secretary, and a treasurer.

Some societies have additional honorary officers. These may include vice-chair, vice secretary, press officer and so forth. The society's bye-laws should indicate how honorary officers are to be elected or selected. It is important to check the bye-laws for details and ensure these terms are adhered to. The role of the officers may include taking the lead in preparing for management committee's meetings (e.g. agendas, information papers, hiring venues, etc.). Unless the management committee has explicitly delegated decision-making powers to the honorary officers, they should act in an advisory capacity and must take care to report their activities fully to the management committee.

The societies should continually check their bye-laws for details of how honorary officers should be selected and elected. All honorary officers should be clear regarding their functions. Therefore; it is good practice to have written role descriptions.

3.1.1 The Chairperson

Chairing is a key role in any management committee. The Chairperson ensures that the management committee functions properly, that there is full participation during meetings that all relevant matters are discussed and that effective decisions are made and carried out. The role of a chairperson can be time-consuming, involving work between meetings, external representations of the society, and work with staff. The Chairperson usually takes on direct management responsibility for the most senior staff member. Chairing a large society requires diplomatic and leadership skills of a high level.

3.1.2 The Secretary

The role of the secretary depends on the type and size of the society. In societies without paid staff, the secretary often takes minutes, deals with correspondence and keeps records. In societies with paid staff, these functions are often performed by staff.

3.1.3 The Treasurer

The overall role of the treasurer is to maintain an overview of the cooperative society's financial status and to ensure proper financial records and procedures are maintained. In small charities, without paid staff, the treasurer may take a greater role in the day-to-day finances of the organisation. It is important to note that final responsibility for financial matters always rests with the management committee as a whole.

3.1.4 The Vice-Chair

The vice-chair acts for the chair when she/he is not available and undertakes assignments at the request of the chair. To ensure continuity, every society should ensure that that chair has a deputy who can assume their responsibility and is familiar with their work should a sudden absence occur.

4.0 CONCLUSION

Officials of the management committee of cooperative society carry out some responsibilities on behalf of the society. This is usually done to ensure effectiveness in the way and manners business and financial activities are conducted for the society. Management committee should, therefore, ensure that in the appointment/selection of the officials, priority should be given to members who have a high level of integrity and have records of good performance (pedigree).

5.0 SUMMARY

The quality of the officials of the management committee of cooperative society often determines the quantum and quality of service delivery of the society to members. Proper attention should, therefore, be paid to the type of members who are elected/appointed as constituent members of the management committee of the society.

6.0 TUTOR-MARKED ASSIGNMENT

1. Clearly explain the composition of a management committee of cooperative societies.
2. List and discuss the roles of each of the management committee members.

7.0 REFERENCES/FURTHER READING

Akinwumi, J.A. (1988). *Business Management for Cooperative Students and Practising Managers*. Department of Agricultural Economics, University of Ibadan.

DIY Committee Guide (2005). *Roles of the Management Committee*. London.

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MODULE 3

Unit 1	Functions of the Officials of Management Committee
Unit 2	Delegation of Management Committee Functions
Unit 3	Audit Inspection and Enquiry Committee
Unit 4	Procedures for Auditor's Appointment
Unit 5	Functions and Powers of Auditors
Unit 6	Inquiry and Inspection of Cooperatives

UNIT 1 FUNCTIONS OF THE OFFICIALS OF MANAGEMENT COMMITTEE

CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Key Officials of Management Committee
3.2	Functions of Officials of Management Committee
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Reading

1.0 INTRODUCTION

For the convenience of administration of the cooperative societies, management committees are often put in place. Officials of these Committees are selected/elected based on the provision of the bye-laws. The principal members of these committees include the Chairperson, the secretary and the treasurer.

The level of seriousness attached to the discharge of responsibilities by each of these officials determines the efficiency of performance of activities of these societies. In this unit, therefore, learners are taken through the various functions of the officials of the management committees of the cooperative societies.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- discuss the key officials of management committees
- identify the functions of the officials of the management committees of cooperative societies.

3.0 MAIN CONTENT

3.1 Key Officials of Management Committee

The key officials of the management committee of a cooperative society are:

- i. Treasurer
- ii. Secretary
- iii. The Chairperson

3.2 Functions of the Officials of Management Committee

The functions of the officials of the management committee are discussed as follows:

i. The Treasurer

The treasurer has a watchdog role over all aspects of financial management, working closely with other members of the management committee to safeguard the society's finances. It is important to note that although the treasurer ensures that these responsibilities are met, much of the work may be delegated to a finance sub-committee and paid staff or volunteers.

In summary, the treasurer is responsible for:

- i. General financial oversight
- ii. Funding, fundraising and sales
- iii. Financial planning and budgeting
- iv. Financial reporting
- v. Banking, bookkeeping and record-keeping
- vi. Control of fixed assets and stock

Given these responsibilities, the treasurer typically acts as an information and reference point for the Chair and other committee members: clarifying financial implications of proposals; confirming legal requirements; outlining the current financial status, and retrieving relevant documentation.

ii. The Secretary

The role of the secretary is to support the Chair in ensuring the smooth functioning of the management committee. In summary, the secretary is responsible for:

- i. Ensuring meetings are effectively organised and minutes kept

- ii. Maintaining effective records and administration
- iii. Upholding the legal requirements of governing documents, charity law, company law etc. (where relevant)
- iv. Communication and correspondence

It is important to note that although the secretary ensures that these responsibilities are met, much of the work may be delegated to paid staff or volunteers. Given these responsibilities, the secretary often acts as an information and reference point for the Chair and other committee members; clarifying past practices and decisions; confirming legal requirements; and retrieving relevant documentation.

iii. The Chairperson

Chairing is a key role in any voluntary management committee. The Chairperson must ensure that the management committee functions properly, that there is full participation during meetings that all relevant matters are discussed and that effective decisions are made and carried out. The role of a chairperson is time-consuming, with work between meetings, external representation of the society and work with staff. Chairing a large society requires diplomatic and leadership skills of a high level.

Main Duties of the Chairperson

The responsibilities of a chairperson can be summarised under four areas:

- i. To ensure the management committee functions properly
The Chairperson is responsible for making sure that each meeting is planned effectively, concluded according to the constitutions and that matters are dealt with in an orderly, efficient manner. The Chairperson must make the most of all his/her committee members and lead the team. This also involves regularly reviewing the committee's performance and identifying and managing the process for renewal of the committee through the recruitment of new members.
- ii. To ensure the cooperative society is managed effectively
The Chairperson must coordinate the committee to ensure that appropriate policies and procedures are in place for the effective management of the society.

- iii. To provide support and supervision to the chief officer.
The Chairperson will often be the direct line manager for the chief officer (the most senior staff member).
- iv. To represent the society as its figurehead.

The Chairperson may, from time to time, be called upon to represent the society and sometimes be its spokesperson at, for example, functions or meetings.

4.0 CONCLUSION

In this unit, you have gone through discussions on the key officials of the Management Committee of cooperative societies. Various functions performed by the officials of the Management Committees were also explained. It is hoped that you have benefitted from this discussion.

5.0 SUMMARY

Functions performed by the officials of management committees are important for the effective performance of cooperative societies. There is, therefore, the need for the appointment/selection of officials with credible characters so that management committees can effectively discharge their duties and responsibilities to the advantage of the society and eventually the members.

6.0 TUTOR-MARKED ASSIGNMENT

1. List and discuss the key officials of management committees of Cooperative societies.
2. Discuss the functions of the officials of management committees.

7.0 REFERENCES/FURTHER READING

- Akinwumi, J.A. (1988). *Business Management for Cooperative Students and Practising Managers*. Department of Agricultural Economics, University of Ibadan.
- DIY Committee Guide (2005). *Roles of the Management Committee*. London.
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UNIT 2 DELEGATION OF MANAGEMENT COMMITTEE FUNCTIONS

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Effective Delegation
 - 3.2 Choosing to Delegate
 - 3.3 Key Points for Effective Delegation
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Management committees are often saddled with a lot of tasks in their effort to ensuring the achievement of the set objectives for members of cooperative societies. Some of these tasks and responsibilities need to be given (delegated) to some members, who are considered qualified to carry these tasks on behalf of the management committee. In this unit, therefore, you will be taken through the process of delegation of responsibilities by the management committees.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- appreciate reasons for effective delegation of responsibilities
- examine processes for choosing to delegate responsibilities
- highlight key points for effective delegation.

3.0 MAIN CONTENT

3.1 Effective Delegation

Delegation is necessary for all of the work of a society to be completed. Except with very small societies, members of committee/board cannot do everything necessary for the smooth running of the society. However, it is important to remember that the committee can delegate authority but not responsibility. The committee is ultimately accountable for everything that goes on in a society.

3.2 Choosing to Delegate

Roles and responsibilities are delegated when particular areas of activity need to be discussed or developed beyond the context of the management committee meeting. For example:

- New human resource policies need to be developed
- A project needs to be managed and delivered
- Greater financial management is required

The society needs to be represented and make decisions at meetings with funders, suppliers etc. Depending on the nature and size of the role, delegation can be to:

- i. Honorary officers
- ii. A subcommittee or advisory group
- iii. Paid staff or volunteers

3.3 Key Points for Effective Delegation

The following pointers are useful reminders, regardless of who you are delegating to:

- a) Make it legal

Ensure any delegation is in line with your society's governing document and relevant legislation. Your governing document may specify, for example, the remit of honorary officers or sub-committees and the process for their appointment. The legislation will affect how you involve volunteers or recruit and employ paid staff.

- b) Make it systematic

Ensure authority for delegation is clearly documented. Specify any limits to, for example, decision-making authority, financial spending and project development, without prior approval of the management committee.

- c) Provide proper oversight

Ensure a reporting mechanism is in place. The committee must be careful to read written reports provided and ask relevant questions when verbal reports are being given to ensure that the delegation they have agreed is working effectively, is within the specified parameters. They ultimately retain control of all delegations.

d) Make it effective

Ensure the people concerned have the skills needed to carry out the task. This can either form part of the selection criteria or be addressed through appropriate training.

4.0 CONCLUSION

Delegation of responsibilities by management committees of cooperative societies was discussed in this unit. The process of delegation may become necessary in view of the need to ensure a high level of efficiency while handling numerous tasks facing the management committees. In this unit, therefore, you were taken through the discussion on delegation of duties and responsibilities by the committees.

5.0 SUMMARY

In this unit, you have learnt the need for an effective delegation, the process of choosing delegated responsibilities and the key points for ensuring an effective delegation.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss reasons for delegation of responsibilities among the management committee.
2. List and explain the key points for effective delegation.

7.0 REFERENCES/FURTHER READING

Akinwumi, J.A. (1988). *Business Management for Cooperative Students and Practising Managers*. Department of Agricultural Economics, University of Ibadan.

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Sofowora, M.O. (1999). *General Principle of Business and Cooperative Law*. Soff Associates. p115.

UNIT 3 AUDIT INSPECTION AND ENQUIRY COMMITTEE

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Auditor
 - 3.2 Duties and Powers of Auditors
 - 3.3 Audit Inspection and Inquiry Committee
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Basically, cooperative societies are put in place to provide services and goods to members at minimal costs. For the cooperatives to actualise this objective, there is the need to reduce the level of fraud and inefficiency in the financial and business transactions of the cooperatives. Hence the needs to constitute the audit inspection and inquiry committee which will regularly scrutinise all the activities of the society. In this unit, therefore, discussions shall be on audit inspection and inquiry committee of the cooperative societies.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- define who an auditor is
- enumerate and explain the duties and powers of auditors
- justify the relevance of the audit and inquiry committee in the management of cooperatives.

3.0 MAIN CONTENT

3.1 The Auditor

Every registered society must appoint an auditor, who must be a member of a recognised supervisory body and must neither be a member of nor be connected with the management of the registered society (section 36 (1)).

3.2 Duties and Powers of Auditors

The statutory duty of an auditor is to report to the members whether the accounts give a true and fair view and have been properly prepared in accordance with the Cooperative Decree 1993. To fulfil this duty, the auditor must carry out such investigations as are necessary to form an opinion as to whether:

- (a) Proper accounting records have been kept and proper returns, adequate for the auditor have been received from branches
- (b) The accounts are in agreement with the records.
- (c) The information given in the directors' report is consistent with the accounts. If the auditor is satisfied on these matters, they need not be mentioned in the report.

The auditor's report must be read before any general meeting at which the accounts are considered and must be open to inspection by members. The auditor may also attend any meeting after resigning from office and his successor appointed. He can also attend meetings after the expiration of his tenure.

Auditors have wide statutory powers to enable them to obtain whatever information they may require for their audit. In particular, they may inspect books and records and call on officers of the registered society for information or explanations. It is a criminal offence for an officer of the society to make a false statement to an auditor if it is misleading, false or deceptive in a material particular and is made knowingly or recklessly (with indifference as to its truth).

3.3 Audit Inspection and Inquiry Committee

The financial transactions and business activities of the cooperative societies need to be continually monitored and properly inspected by the management. This is necessary because there is a need to eliminate possible sources of risk and other dangerous transactions that may make it difficult for the cooperative to achieve the set objectives. In ensuring a reliable financial and business transaction for the cooperatives, audit inspection and inquiry committee is put in place. This committee, according to the provision of the bye-laws setting up the cooperative, scrutinises and inspects the financial records and accounts of the cooperative society. The bye-laws of the cooperative dictate the regularity of the exercise. The report of the committee is eventually made available to the board of directors at the annual general meetings where appropriate decisions are made on the recommendations of the committee.

4.0 CONCLUSION

In this unit, you were taken through tutorials on the definition of an auditor, duties and powers of auditors and audit inspection and inquiry committee. It is believed that information so shared will further sharpen your knowledge on the subject matter.

5.0 SUMMARY

Audit and inspection should be occasionally carried out on cooperative societies to ensure that all the financial and business activities of the society are properly scrutinised. Timely auditing minimises the cases of fraud and inefficiency in the management of the cooperative societies.

6.0 TUTOR-MARKED ASSIGNMENT

1. Clearly define the term 'Auditor.'
2. Enumerate and discuss the duties and powers of auditors.

7.0 REFERENCES/FURTHER READING

- Akinwumi, J.A. (1988). *Business Management for Cooperative Students and Practising Managers*. Department of Agricultural Economics, University of Ibadan.
- Owolabi, N. B. & Badmus, M.A. (2003). *Nigeria Business and Cooperative Law*. Printants Limited.
- Sofowora, M.O. (1999). *General Principle of Business and Cooperative Law*. Soff Associates. p115.

3.2 Appointment of Auditors

The auditor of a newly registered society is appointed by the management committee to hold office until the conclusion of the first general meeting at which the accounts are considered. The registered society in general meeting may also appoint an auditor to fill a casual vacancy.

Ordinarily, the members appoint the auditor at each general meeting at which the accounts are considered. He/She holds office until the next meeting, that is to audit and report on the accounts to be prepared for that subsequent meeting. If members fail to appoint an auditor at the general meeting at which the accounts are considered, the registered society must, within seven days of the meeting, give notice to the Director. The auditor so appointed under the decree holds office from the end of the 28-day period (or the conclusion of the meeting) until the end of the time for appointing auditors for the next financial year.

The auditor who is in office when the election is made remains so until the end of the time for appointing auditors for the next financial year (unless the general meeting decides otherwise). When the election ceases, the auditor remains in office until the conclusion of the next general meeting at which accounts are laid, or until the end of the time for appointing auditors for the next financial year.

Whoever appoints the auditor has the power to fix his remuneration for the period of his appointment. It is usual when the auditor is appointed by the general meeting such remuneration must be disclosed in a note to the accounts.

3.3 Termination of Auditors' Appointment

An auditor may be **removed** from office before the expiry of his appointment by passing an ordinary resolution in general meeting. An auditor may **resign** his appointment by giving notice in writing to the registered society delivered to the registered office. Alternatively, he may simply decline to offer himself for re-election.

In his notice of resignation or on ceasing to hold office for any reason the auditor must deposit at the society's registered office either:

- (a) a statement that there are no circumstances connected with his resignation which he considers should be brought to the notice of members or creditors of the company;
- (b) a statement disclosing what those circumstances are.

On receiving the auditor's notice of resignation, the registered society must send a copy of it to the Director. If the auditor's notice contains a statement of circumstances, the society must also send a copy to every person entitled to receive a copy of the accounts.

4.0 CONCLUSION

In this unit, you were taken through the description of the functions of auditors and the procedures for the appointment of auditors. Reasons that may necessitate the termination of the appointment of auditors were also discussed. Timely invitation of the auditors to inspect the financial and other business transactions of the cooperative societies may just be necessary to prevent the societies from running into avoidable calamities.

5.0 SUMMARY

The procedures for the appointment of auditors have been well discussed in this unit. By now, you will be able to discuss the functions of the auditors and the procedures for their appointment.

6.0 TUTOR-MARKED ASSIGNMENT

1. Who is an auditor?
2. What roles do auditors perform?
3. Discuss the procedures for the appointment of auditors.
4. Justify the termination, if necessary, of the appointment of auditors.

7.0 REFERENCES/FURTHER READING

- Akinwumi, J.A. (1988). *Business Management for Cooperative Students and Practising Managers*. Department of Agricultural Economics, University of Ibadan.
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UNIT 5 FUNCTIONS AND POWERS OF AUDITORS

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Functions and Powers of Auditors
 - 3.2 Types of Auditors
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
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1.0 INTRODUCTION

As part of internal financial control measures, the cooperative societies may invite the services of auditors. The functions and powers of the auditors are clearly stated in the bye-laws of the society. Details on the limits and mandates of the auditor in the course of exercising his duties are clearly spelt out. The right to society's records, receipts of business transactions and other sensitive documents of the society are clearly stated. The auditor may even invite any member of staff, present or past, which is considered capable of providing useful information in the course of performing his functions. The power to package the reports and make recommendations to the management of the cooperative society is also included. All this information are well x-rayed in this unit for your proper understanding.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- discuss the meaning of auditing in cooperative studies
- identify the types of auditors in the internal financial management of cooperative societies
- explain the various functions and powers of auditors.

3.0 MAIN CONTENT

3.1 Functions and Powers of Auditors

The statutory function of an auditor is to report to the members whether the accounts give a true and fair view and have been properly prepared

in accordance with the Cooperative Decree 1993. To fulfill this duty, the auditor must carry out such investigations as are necessary to form an opinion as to whether:

- (a) Proper accounting records have been kept, and proper returns adequate for the auditor have been received from branches
- (b) The accounts are in agreement with the records; and
- (c) The information given in the directors' report is consistent with the accounts.

If the auditor is satisfied on these matters, they need not be mentioned in the report. The auditor's report must be read before any general meeting at which the accounts are considered and must be open to inspection by members. The auditor may also attend any meeting after resigning at which his successor is appointed and also the meeting at which his office would have expired.

Auditors have wide statutory powers to enable them to obtain whatever information they may require for their audit. In particular, they may inspect books and records and call on officers of the registered society for information or explanations. It is a criminal offence for an officer of the society to make a false statement to an auditor if it is misleading, false or deceptive in a material particular and is made knowingly or recklessly (with indifference as to its truth). It should be noted that a complete and accurate accounting system is vital for effective management of cooperative societies. It must produce several financial statements that are needed in planning and control, such as:

- a) Monthly and annual balance sheets and operating statements
- b) Functional or enterprise accounts about departments or specific lines of business, and
- c) Special accounts such as patronage records account receivable, members' equity and patron financing.

3.2 Types of Auditors

An independent auditor is periodically invited to verify the accuracy of the cooperative's business records. This is especially useful to directors in performing their controlling and performing functions. It helps the board determine the extent to which the manager has followed financial policies and evaluate how the cooperative is accomplishing its basic objectives. An external audit is primarily a board tool. Larger cooperatives also use internal audit reports. The internal auditor's primary duty is to monitor the cooperative's accounting policy. The auditor checks the cost of prescribed procedures, including their effect on patrons and personnel, and suggests ways to prevent errors. Usually,

the auditor reports to the chief controlling officer, but sometimes to the general manager or even to the board of directors. Internal audits are primarily manager tools.

4.0 CONCLUSION

Here, the importance of the auditor in the internal financial management of cooperative societies has been discussed. Types of auditors have been identified. Various functions and powers of the auditor have also been discussed. Basically, independent auditors are invited to verify the accuracy of the cooperative's business records. These reports are usually found useful by the board of directors.

5.0 SUMMARY

Auditor's reports are of immense importance to the board of directors in arriving at accurate decisions on the financial positions of cooperative societies. Periodic invitation of the auditors to investigate the financial positions of cooperative societies is very relevant.

6.0 TUTOR-MARKED ASSIGNMENT

1. Identify and discuss types of auditors.
2. Clearly explain the functions and powers of the auditors in the management of cooperative societies.

7.0 REFERENCES/FURTHER READING

Kennedy. (1983). *Economic Theory of Cooperative enterprises. The Plunkett Foundation for Cooperative studies*. Oxford, UK.

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UNIT 6 INQUIRY AND INSPECTION OF COOPERATIVE SOCIETIES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Inquiry by Commissioner
 - 3.2 Inspection of Books of Indebted Society
 - 3.3 Expenses of Inquiry
 - 3.4 Procedure for Dissolution
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

For a cooperative society to meet its obligations to members, there is the need to continually show interest in the financial transactions and business activities of the cooperative. Hence, inquiry and inspection of the cooperative are necessary. It allows the cooperative to detect all areas of risks that are capable of causing failure for the cooperative in meeting the set objectives. In this unit, therefore, you will be taken through inquiry and inspection of cooperatives.

2.0 OBJECTIVES

By the end of the unit, you will be able to:

- describe how inquiry and inspection commences
- explain the expenses of the inquiry
- discuss the procedure for dissolution of cooperatives.

3.0 MAIN CONTENT

3.1 Inquiry by Commissioner

- a. The Commissioner may, of his own accord, and shall on the direction of the Minister, or on the application of not less than one-third of the members present and voting at a meeting of the society which has been duly advertised, hold an inquiry or direct some person authorised by him in writing to hold an inquiry into

- the by-laws, working and financial conditions of any cooperative society.
- b. All officers and members of the cooperative society shall produce such cash, accounts, books, documents and securities of the society, and furnish such information regarding the affairs of the society, as the person holding the inquiry may require.
 - c. The Commissioner shall report the findings of his inquiry at a general meeting of the society and shall give directions for the implementation of the recommendation of the inquiry report.
 - d. Where the Commissioner is satisfied, after due inquiry, that the committee of a cooperative society is not performing its duties properly, he may:
 - i. dissolve the committee, and
 - ii. Cause to be appointed an interim committee consisting not more than five members from among the members of the society for a period not exceeding 90 days.

3.2 Inspection of Books of Indebted Society

The Commissioner may, if he thinks fit, on the application of a creditor of a cooperative society, inspect, or direct any person authorised by him in writing to inspect the books of the society, if:

- i. The creditor convinces the Commissioner that the debt is a sum then due, and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and
- ii. The applicant deposits with the Commissioner such sum as security for the expenses of the inspection as the Commissioner may require.

3.3 Expenses of Inquiry

It is noted that where an inquiry is or inspection is made under section 59 of the cooperative society act, the Commissioner may, by a certificate under his hand, make an order apportioning the expenses, or such part of the expenses as he considers proper, between the society, the members or creditor demanding the inquiry or inspection, and the officers or former officers of the society; and the decision of the Commissioner thereon shall be final.

It is added that any sum awarded by way of expenses under sub-section (1) of the Cooperative Society Act shall be a civil debt recoverable summarily on the production of the certificate referred to in that sub-section.

Notwithstanding the provisions of sections 58 and 59 of the cooperative society act of Kenya, the Commissioner may from time to time carry out impromptu inspection into the affairs of a cooperative society.

3.4 Procedure for Dissolution

- i. If the Commissioner, after holding an inquiry under section 58 of the Cooperative Society Act, or making an inspection under section 59 of this act, or receiving an application made by at least three-fourths (75%) of the members of a cooperative society, believes that the society ought to be dissolved, he may, in writing, order the dissolution of the society and subsequently cancellation of registration.
- ii. Any member of a cooperative society who feels aggrieved by an order under sub-section (1) of the cooperative society act may, within two months after the making of such order, appeal against the order to the Minister with a final appeal to the High Court.
- iii. Where no appeal is filed within the prescribed time, the order shall take effect on the expiry of that period, but where an appeal is filed within the prescribed time, the order shall not take effect unless it is confirmed by the Minister or by the High Court as the case may be.
- iv. Where the Commissioner makes an order under subsection (1) of the Cooperative Society Act, he shall make such further order as he thinks fit for the custody of the books and documents and the protection of the assets of the society.
- v. No cooperative society shall be dissolved or wound up save by order of the Commissioner.

4.0 CONCLUSION

This unit had extensively discussed the inquiry and inspection of cooperative societies. The provisions of the Cooperative Societies Act (as amended) of Kenya (2004) were used as a reference point. You have been properly informed about the necessary condition for the inquiry and inspection, expenses of the inquiry process and the procedure for dissolution of cooperative societies, among others.

5.0 SUMMARY

Issues that give birth to inquiry and inspection of cooperatives have been discussed. The inspection of books of indebted society, expenses of the inquiry process and the procedure for dissolution of cooperative society were discussed. Information shared is expected to increase your understanding of cooperative management in developing economies.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the circumstances that may necessitate the setting up of inquiry and inspection of a cooperative society.
2. Explain the procedure for the dissolution of cooperative societies.

7.0 REFERENCES/FURTHER READING

The Cooperative Societies Act of Kenya (2004) Amended. No 12 of 1997 as Amended in 2004.

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