

## HR Toolkit for SACCOs: Policy Framework & Implementation Guide

This toolkit is designed to equip Savings and Credit Cooperatives (SACCOs) with the necessary Human Resources (HR) policies, templates, and implementation guidelines. It aims to support effective human resource management while adhering to cooperative principles and relevant financial regulations, ensuring a well-managed and compliant workforce.

### Section 1: Core HR Policies

#### 1.1 Recruitment & Selection Policy

- **Equal Opportunity Employment Statement:** [SACCO Name] is an equal opportunity employer committed to creating a diverse and inclusive workplace. We do not discriminate based on race, color, religion, gender, gender identity or expression, sexual orientation, national origin, genetics, disability, age, or veteran status.
- **Recruitment Process Flowchart:** (Visual representation of the recruitment steps, from job posting to onboarding).
- **Background Check Requirements for Financial Institutions:** All potential employees will undergo thorough background checks, including credit history, criminal record, and verification of previous employment, as required by financial regulations.
- **Probationary Period Guidelines (3-6 months):** New employees will serve a probationary period of [3-6 months] to assess their suitability for the role. Performance will be reviewed regularly during this period, and employment may be terminated if performance expectations are not met.

#### 1.2 Compensation & Benefits

- **Salary Structure Framework:** A defined salary structure based on job roles, experience, and performance, ensuring fair and competitive compensation.
- **SACCO-Specific Benefits (Loan Access, Dividends):** Employees who are also members are eligible for SACCO benefits such as loan access and dividends, subject to the same terms and conditions as other members.

- **Performance-Based Incentives:** A performance-based incentive program to reward employees for achieving or exceeding targets, promoting productivity and motivation.
- **Overtime and Holiday Pay Regulations:** Compliance with labor laws regarding overtime and holiday pay, ensuring fair compensation for work performed outside regular hours.

### 1.3 Leave Management

- **Annual Leave Accrual System:** A clear system for accruing annual leave based on length of service, ensuring employees have adequate time off for rest and recreation.
- **Sick Leave Verification Process:** A process for verifying sick leave, requiring medical certificates for absences exceeding a specified number of days.
- **Special Leave for SACCO AGMs/Meetings:** Provision for special leave to allow employees who are also members to attend SACCO Annual General Meetings (AGMs) and other important meetings.
- **Maternity/Paternity Leave Provisions:** Compliance with labor laws regarding maternity and paternity leave, ensuring employees have adequate time off for childcare.

### 1.4 Code of Conduct & Ethics

- **Financial Integrity Requirements:** Strict adherence to financial integrity standards, including honesty, transparency, and accountability in all financial transactions.
- **Conflict of Interest Disclosure:** A requirement for employees to disclose any potential conflicts of interest, ensuring impartiality and fairness in decision-making.
- **Client Confidentiality Protocols:** Strict protocols for maintaining client confidentiality, protecting sensitive information from unauthorized access or disclosure.
- **Data Protection Measures:** Implementation of data protection measures to safeguard personal data in compliance with relevant regulations.

## Section 2: SACCO-Specific Policies

## 2.1 Member-Staff Relations

- **Guidelines for Staff Who Are Also SACCO Members:** Clear guidelines for managing the dual roles of staff who are also SACCO members, ensuring fairness and transparency.
- **Loan Application Procedures for Employees:** Loan application procedures for employees should be the same as for other members, with no preferential treatment.
- **Dividend Participation Rules:** Employees who are also members are entitled to participate in dividend distributions on the same basis as other members.

## 2.2 Financial Accountability

- **Cash Handling Procedures:** Strict cash handling procedures to minimize the risk of fraud or errors, including regular cash counts and reconciliations.
- **Dual Authorization Requirements:** A requirement for dual authorization for all significant financial transactions, ensuring checks and balances.
- **Fraud Prevention Measures:** Implementation of fraud prevention measures, including regular audits, background checks, and whistleblower protection.
- **Whistleblower Protection:** A policy to protect employees who report suspected fraud or misconduct, encouraging ethical behavior and accountability.

## 2.3 Cooperative Values Integration

- **Democratic Management Participation:** Opportunities for employees to participate in management decisions, promoting a sense of ownership and involvement.
- **Training on Cooperative Principles:** Regular training on cooperative principles for all employees, reinforcing the SACCO's mission and values.
- **Community Engagement Expectations:** Encouraging employees to participate in community engagement activities, promoting the SACCO's social responsibility.

## Section 3: Implementation Tools

### 3.1 Templates

- **Employment Contract (SACCO-Specific Clauses):** An employment contract template with clauses specific to SACCOs, such as adherence to cooperative principles.
- **Performance Appraisal Form:** A performance appraisal form to evaluate employee performance against defined objectives and competencies.
- **Disciplinary Action Form:** A disciplinary action form to document disciplinary actions taken against employees, ensuring fairness and consistency.
- **Training Needs Assessment:** A training needs assessment form to identify employee training needs and develop appropriate training programs.

### 3.2 Workflow Diagrams

- **Grievance Handling Process:** A workflow diagram outlining the steps in the grievance handling process, ensuring fair and timely resolution of employee complaints.
- **Loan Approval Process for Staff:** A workflow diagram outlining the loan approval process for staff, ensuring transparency and compliance with regulations.
- **Policy Review and Update Procedure:** A workflow diagram outlining the procedure for reviewing and updating HR policies, ensuring they remain relevant and effective.

### 3.3 Compliance Checklists

- **Regulatory Requirements for Financial Cooperatives:** A checklist of regulatory requirements for financial cooperatives, ensuring compliance with relevant laws and regulations.
- **Annual HR Audit Checklist:** An annual HR audit checklist to assess the effectiveness of HR policies and practices.
- **Board Reporting Requirements:** A checklist of HR-related information that needs to be reported to the board, ensuring oversight and accountability.

## **Section 4: Appendices**

### **4.1 Sample Forms**

- **Leave Application Form:** A sample leave application form for employees to request leave.
- **Expense Reimbursement Form:** A sample expense reimbursement form for employees to claim expenses.
- **Training Request Form:** A sample training request form for employees to request training.

### **4.2 Reference Materials**

- **Relevant Cooperative Society Acts:** Copies of relevant cooperative society acts.
- **Financial Regulatory Guidelines:** Copies of financial regulatory guidelines.
- **Labor Law Summaries:** Summaries of relevant labor laws.

### **4.3 Resources**

- **SACCO Federation Contacts:** Contact information for SACCO federations.
- **Recommended Training Providers:** A list of recommended training providers.
- **HR Software Options for Cooperatives:** Information on HR software options for cooperatives.

### **Design Recommendations for PDF:**

1. Use SACCO branding colors (typically blues/greens)
2. Include fillable form fields where applicable
3. Add a version control footer
4. Create bookmarks/navigation pane
5. Design with print-friendly formatting
6. Include implementation checklist for adoption

### **Detailed HR Policy Samples for SACCOs**

## **1. Recruitment & Selection Policy (Expanded)**

### **Sample Policy Language:**

"All positions at [SACCO Name] shall be filled through a competitive, transparent process that aligns with our cooperative values. Internal candidates who are member-owners shall receive equal consideration alongside external applicants."

### **Special SACCO Considerations:**

- **Member Preference Clause:** "When qualifications are equal, member-owners may be given preference provided this doesn't compromise competency requirements for regulated financial positions."
- **Financial Sector Requirements:** Mandate:
  - Credit reference checks
  - Proof of good standing with financial regulators
  - Declaration of any history with competing financial institutions

### **Implementation Toolkit:**

- [Template] Interview scorecard with cooperative values assessment
- [Checklist] Pre-employment verification requirements
- [Flowchart] Approval process for hiring (including board notification for senior roles)

## **2. SACCO-Specific Staff Loans Policy**

### **Sample Policy Language:**

"Employee loans shall be processed through the same channels as member loans, with no preferential interest rates. All staff loans require:

1. Dual approval by non-supervisory personnel
2. Automatic payroll deduction authorization
3. Quarterly disclosure to the audit committee"

### **Key Provisions:**

- Maximum staff loan amount: [X]% of share capital

- Mandatory cooling-off period after loan approval before disbursement
- Prohibition of loan guarantees between employees

#### **Implementation Tools:**

- [Form] Staff loan application (with additional disclosures)
- [Calendar] Loan committee meeting schedule avoiding conflict periods
- [Register] Tracking system for employee loans

### **3. Cooperative Values Integration Policy**

#### **Training Requirements:**

"All new hires shall complete 8 hours of cooperative principles training within their probation period, covering:

- The ICA's 7 Cooperative Principles
- SACCO governance structure
- Distinction from commercial banks
- Member-owner rights and responsibilities"

### **4. Financial Accountability Framework**

#### **Dual Control Requirements:**

To ensure financial integrity and prevent fraud, the following dual control requirements are implemented:

- **Transaction Threshold:** No single employee shall have the authority to initiate AND approve transactions exceeding a predetermined threshold (e.g., \$5,000). All transactions above this threshold require approval from a second authorized employee.
- **Physical Asset Access:** Access to physical assets, such as cash vaults or valuable documents, requires parallel verification. This means that at least two authorized employees must be present and verify the access simultaneously.
- **Member Account Modification:** Modification of member account records is strictly controlled and requires a comprehensive audit trail. Any changes made to member accounts must be logged with the date, time, employee ID, and a detailed description of the modification.

## **Fraud Prevention:**

To proactively mitigate the risk of fraud, the following measures are implemented:

- **Mandatory Job Rotation:** Employees handling cash or other sensitive financial assets are subject to mandatory job rotation every six months. This helps prevent collusion and reduces the opportunity for fraudulent activities.
- **Surprise Cash Counts:** The audit committee conducts surprise cash counts at various branches and departments to verify the accuracy of cash balances and deter potential theft or embezzlement.
- **Password Security:** Sharing system passwords, even among supervisors, is strictly prohibited. Each employee is responsible for maintaining the confidentiality of their password and must not disclose it to anyone.

## **Implementation Tools:**

The following tools are provided to facilitate the implementation of the financial accountability framework:

- **Daily Cash Reconciliation Sheet Template:** A standardized template for daily cash reconciliation, ensuring that all cash transactions are accurately recorded and reconciled.
- **Suspicious Activity Reporting Process Flowchart:** A flowchart outlining the process for reporting suspicious activities, including the steps for identifying, documenting, and reporting potential fraud or misconduct.
- **IT Security Protocols Checklist:** A checklist of IT security protocols for safeguarding financial data, including password management, data encryption, and access controls.

## **5. Policy Adoption Roadmap**

The following roadmap outlines the steps for adopting and implementing the HR policies:

### **Phase 1: Preparation (Month 1)**

- **Board Resolution:** Obtain a board resolution approving the HR policy review and implementation process.

- **Staff Representative Committee:** Form a staff representative committee to provide input and feedback on the HR policies.
- **Regulatory Gap Analysis:** Conduct a regulatory gap analysis to identify any discrepancies between the existing HR practices and relevant cooperative laws and regulations.

### **Phase 2: Customization (Month 2)**

- **Template Tailoring:** Tailor the provided templates to align with the SACCO's bylaws, organizational structure, and specific needs.
- **Risk Assessment:** Conduct a risk assessment to identify potential vulnerabilities in financial procedures and develop mitigation strategies.
- **Policy Manual Drafting:** Draft a comprehensive policy manual incorporating the customized templates and risk assessment findings. Ensure legal review of the policy manual to ensure compliance with applicable laws and regulations.

### **Phase 3: Rollout (Month 3)**

- **All-Staff Training:** Conduct all-staff training sessions to educate employees on the new HR policies and procedures.
- **Pilot Testing:** Pilot test high-risk processes in a controlled environment to identify any potential issues or areas for improvement.
- **Board Certification:** Obtain board certification of compliance with the new HR policies and procedures.

### **Phase 4: Maintenance**

- **Bi-Annual Policy Review:** Establish a bi-annual schedule for reviewing and updating the HR policies to ensure they remain relevant and effective.
- **Version Control Protocol:** Implement a version control protocol to track changes to the HR policies and maintain an audit trail of revisions.
- **Regulatory Change Monitoring:** Establish a system for monitoring regulatory changes and updating the HR policies accordingly.

### **SACCO Employee Handbook Introduction (Sample)**

## **Our Cooperative Difference**

Welcome to [SACCO Name], where we don't just work for a financial institution - we're stewards of a member-owned cooperative. Unlike commercial banks:

- Our profits return to you as patronage dividends.
- Every member has equal voting rights regardless of deposit size.
- We measure success by member prosperity, not shareholder returns.

As staff, you uphold this legacy whether you're:

- ✓ A member-owner yourself
- ✓ A professional supporting our financial operations
- ✓ An advocate for cooperative values in our community

## **Financial Crisis Management Protocol**

### **Immediate Response Framework**

- **Liquidity Crisis:**
  - Tiered withdrawal limits approval matrix
  - Emergency loan committee activation procedure
  - Communications script for members
- **Fraud Incident:**
  - 4-Hour reporting mandate to SACCO Union
  - Preservation of digital evidence checklist
  - Staff reassignment protocol to prevent interference
- **Run on Deposits:**
  - Board resolution templates for emergency measures
  - Member education talking points
  - Regulatory notification timeline

### **Tools Included:**

- [Flowchart] Decision tree for crisis classification

- [Template] Regulatory disclosure forms
- [Checklist] Branch preparedness audit

## **Cooperative-Aligned Disciplinary Procedure**

### **Progressive Discipline with Mediation**

- **Step 1: Cooperative Values Reminder**
  - Informal coaching session documenting how actions conflicted with:
    - ○ Democratic member control
    - ○ Ethical financial stewardship
    - ○ Member service expectations
- **Step 2: Member Impact Assessment**
  - For financial errors: Calculate potential member loss
  - For conduct issues: Evaluate damage to SACCO reputation
  - Required reflection essay on cooperative principles
- **Step 3: Peer Review Panel**
  - 3-member committee (1 board rep, 1 staff rep, 1 volunteer member)
  - Focus on restorative solutions over punishment
  - Possible outcomes:
    - ✓ Member service retraining
    - ✓ Temporary role reassignment
    - ✓ Cooperative principles mentorship

### **Included Resources:**

- [Form] Incident impact calculator
- [Template] Reflection guide questions
- [Script] Mediation session outline