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CDA conducts inspection to cooperatives not only for the sole purpose of regulating or policing them. Most importantly, it is use as instrument of CDA to determine the developmental interventions it can provide enable to create an environment conducive for cooperatives development

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NCR CO-OP'S INSPECTION FINDINGS FOR FY 2019

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INSPECTION OF COOPERATIVES



Section 4 (n) of the function of CDA as enshrined in RA 11364 is to conduct inspection to cooperatives

Inspection is conducted to **OPERATING** cooperatives at least once a year

An instrument is used by CDA to verify compliance of cooperatives to laws, its implementing rules and regulations, regulatory issuances, and co-op bylaws



INSPECTION OF COOPERATIVES



2019

There are
1,274
operating
cooperatives in
the National
Capital Region,
about 1,298
are reporting
cooperatives.

1,202 were
subjected to
inspection
because 72 of
the operating co-
ops were issued
SCO for violation
of law and/or
bylaws

THE RESULTS



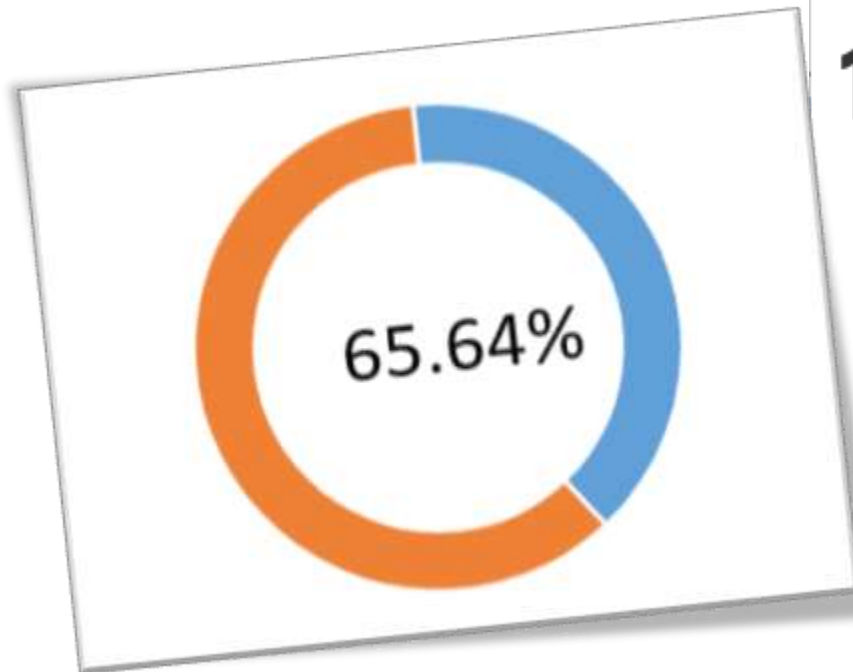


FINDINGS #1

A comparative analysis of results of inspection in year 2018 and 2019



Failed to maintain and update the required books to be kept open



1,202



789

ANALYSIS: From 72.73%, it was reduced to 65.64%. Compared to 2018, there is a reduction but an effective program should be undertaken to further reduced the number of coops who don't maintain and/or update their books of account. This is for transparency and to ensure the safe and sound operation of co-ops

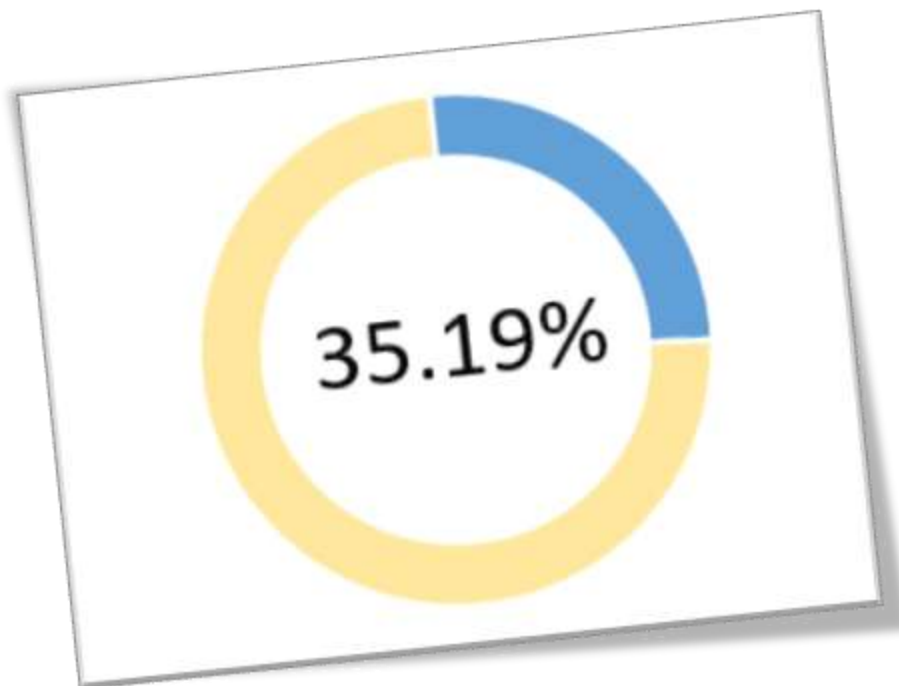


FINDINGS #2

A comparative analysis of results of inspection in year 2018 and 2019



No existing policies and procedures



1,202



423

ANALYSIS: From 36.36%, it slightly reduced to 35.19%. There is a reduction but more push should be undertaken to further reduce the number of coops who don't have existing policies and procedures on conflict management /mediation and conciliation program

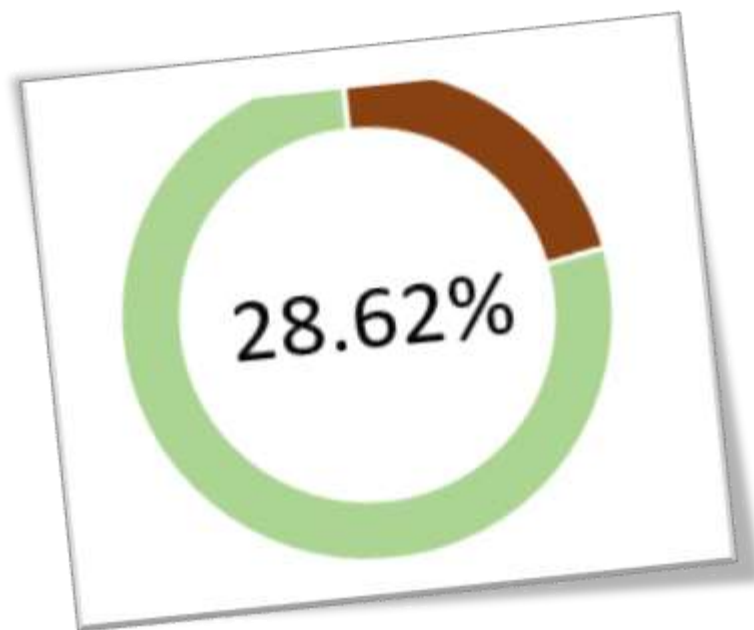


FINDINGS #3

A comparative analysis of results of inspection in year 2018 and 2019



Allocation of Statutory Reserves / Net Surplus Distribution (Rate ISCPR)



1,202



344

ANALYSIS: From 21.30%, it went up to 28.62%. It means more and more co-ops are violating Art. 85 of RA 9520 and Rule 10 of its IRR. This is quite alarming and something should be done to address the problem and to know the reasons of such increase in the violation

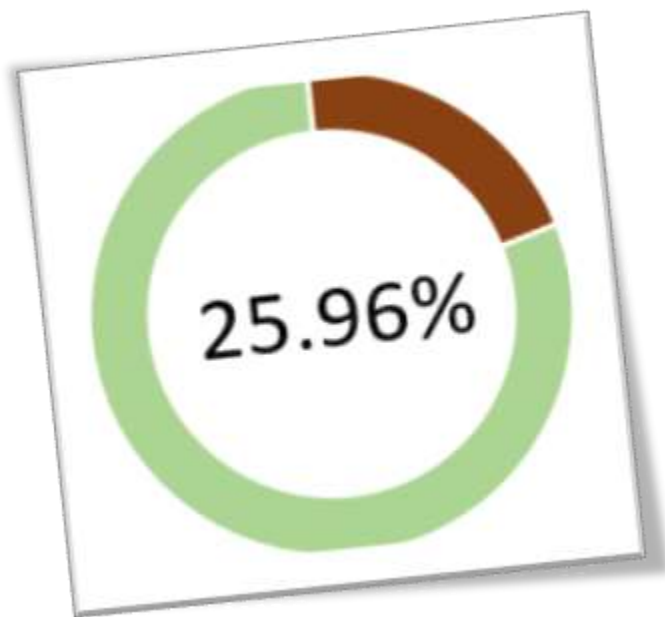


FINDINGS #4

A comparative analysis of results of inspection in year 2018 and 2019



Not registered with appropriate government agencies; No CTE application / not renewed



1,202



312

ANALYSIS: From 23.05%, it slightly went up to 25.96%. It means that more and more co-ops are not compliant with other government agencies requirements in connection with the operation of its business resulting to exposure in LEGAL RISK

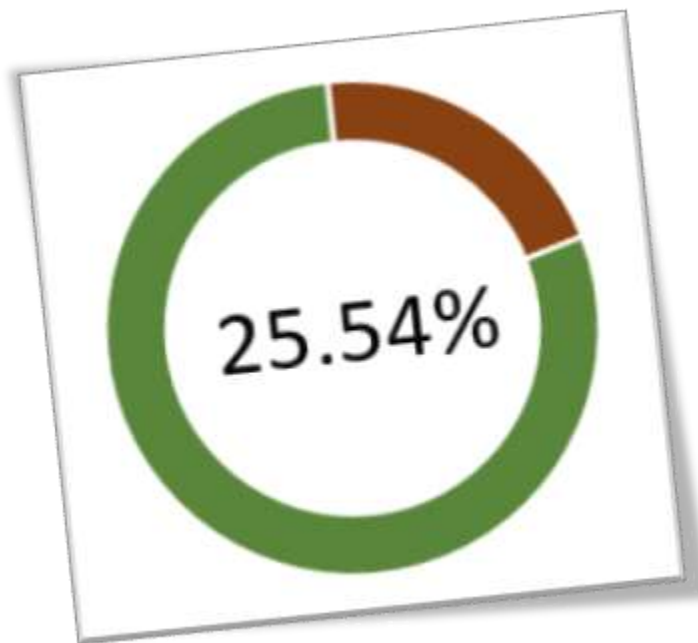


FINDINGS #5

A comparative analysis of results of inspection in year 2018 and 2019



Non-conduct / irregular conduct of Board and Committee meetings



ANALYSIS: From 61.69%, it significantly went down to 25.54%. It means that CDA programs to reduced the number of coops not complying to this indicator is very effective. Such is the result of TA provided by FCDS to co-ops

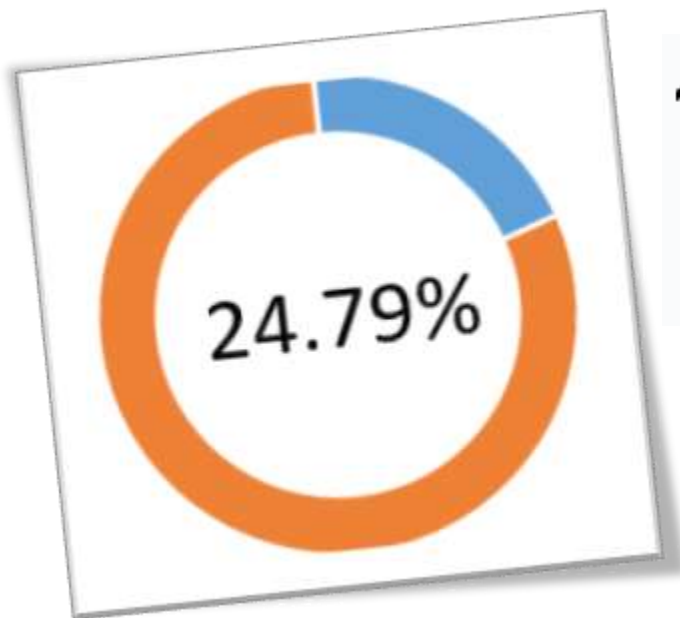


FINDINGS #6

A comparative analysis of results of inspection in year 2018 and 2019



Failed to comply with the MC on Gender and Development



1,202

298



ANALYSIS: This is one area not look into by CDA in year 2018 because the tool was only issued and effective last 3rd Quarter of 2017. But for year 2019, it was found that almost $\frac{1}{4}$ of the coops inspected are violator of MC 2013-22 issued by the CDA. Awareness program on this should be conducted.

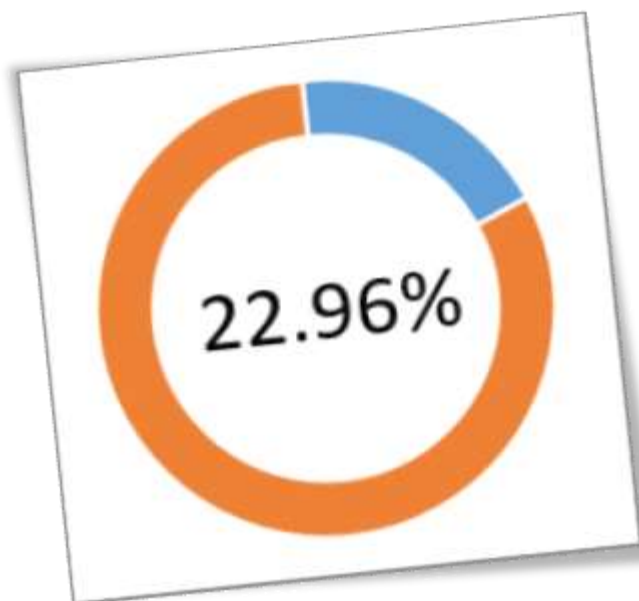


FINDINGS #7

A comparative analysis of results of inspection in year 2018 and 2019



Non-issuance of Share Certificate



1,202



276

ANALYSIS: From 36.04%, it significantly went down to 22.96%. Data shows that cooperatives are being aware now of the importance of issuing share certificate to members.

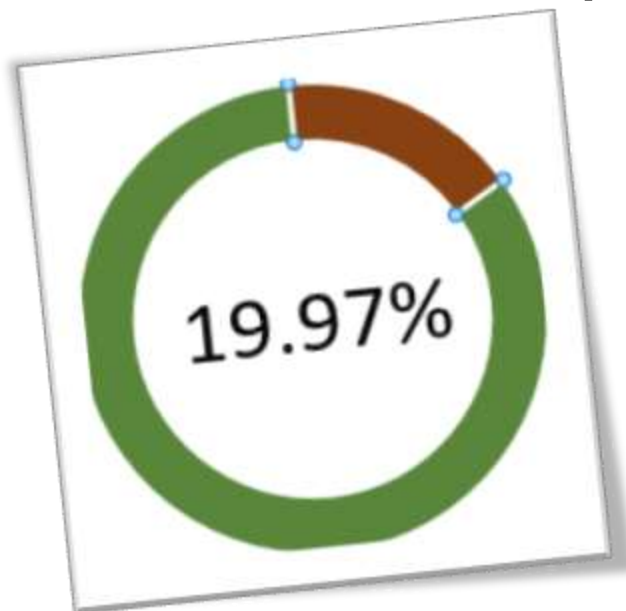


FINDINGS #8

A comparative analysis of results of inspection in year 2018 and 2019



Failed to comply with the mandatory training requirements of officers



1,202



240

ANALYSIS: From 55.84%%, number of cooperatives violating this indicator plummeted to 19.97%.

Officers are now attending the mandatory trainings required by CDA. This can be attributed to the assistance provided by partners in conducting free trainings and the program of CDA to conduct these trainings to micro co-ops

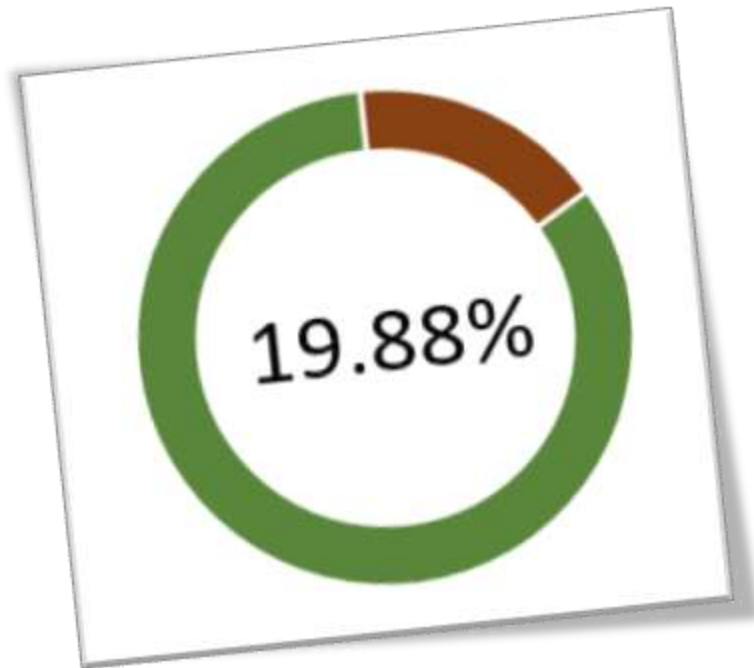


FINDINGS #9

A comparative analysis of results of inspection in year 2018 and 2019



Non adoption of subscription agreement



1,202



239

ANALYSIS: From 33.12%, it went down to 19.88%. Such is an attestation of the effective campaign of the field personnel to require co-ops the issuance of subscription agreement every time a member subscribed shares from the cooperative



FINDINGS #10

A comparative analysis of results of inspection in year 2018 and 2019



Unfunded reserves



1,202



ANALYSIS: From 36.36%, it significantly went down to 18.97%. More and more cooperatives are recognizing now the importance of funding the reserve funds. This only show that co-ops are now more resilient to net losses.

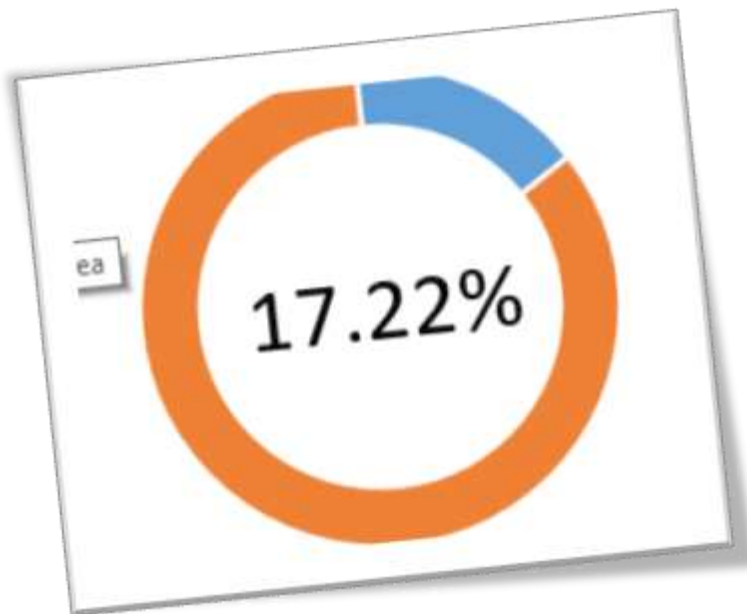


FINDINGS #11

A comparative analysis of results of inspection in year 2018 and 2019



Failed to affiliate with Federation/Union; or non-remittance of CETF



1,202



ANALYSIS: From 62.01%, it impressively went down to 17.22%. It means that CDA campaign to become a member of federation and/or union is effective as almost 4-fold decrease in the number of non-conforming co-ops was noted.

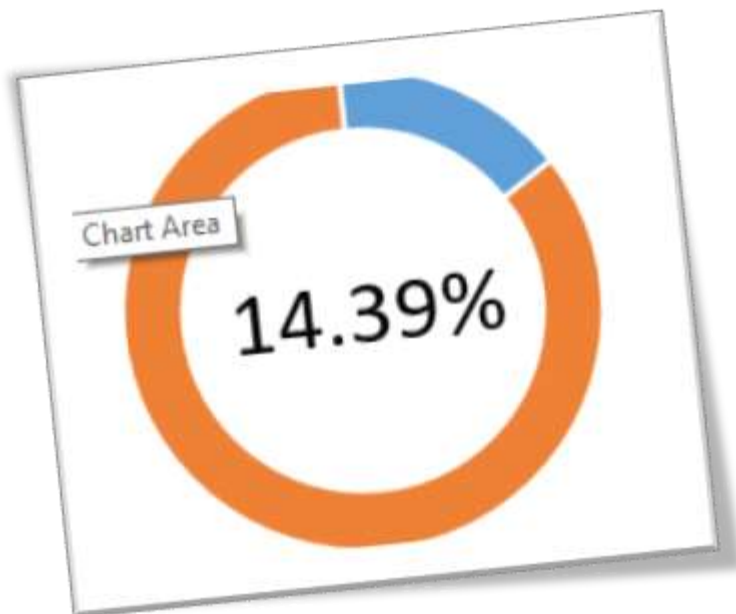


FINDINGS #12

A comparative analysis of results of inspection in year 2018 and 2019



No concrete plans, programs and budget



1,202



173

ANALYSIS: From 46.43%, it reduced to 14.39%. It means that CDA programs to handhold co-ops to have its annual plans, programs, and budget are very effective

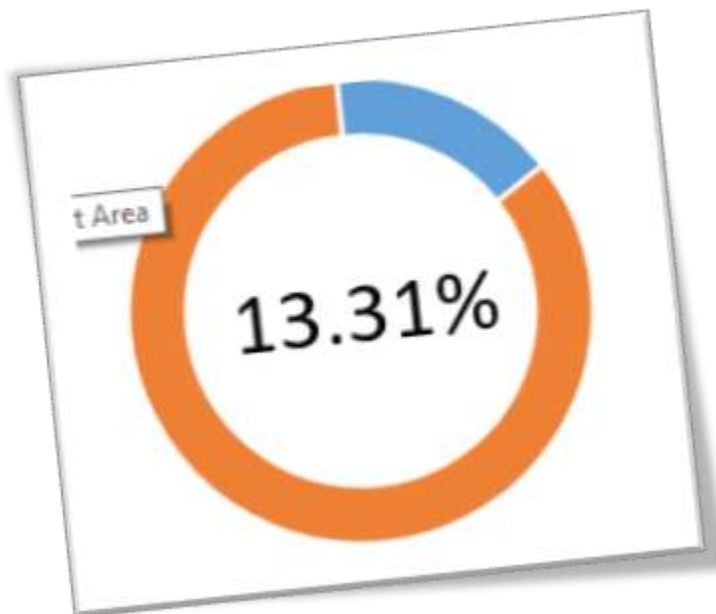


FINDINGS #13

A comparative analysis of results of inspection in year 2018 and 2019



Arbitral Clause not included in the By-laws



1,202



160

ANALYSIS: From 28.57%, it went down to 13.31%. Noticeably, the campaign of CDA to embed arbitral clause in the bylaws of cooperatives is successful as the number of violators reduced by more than half.

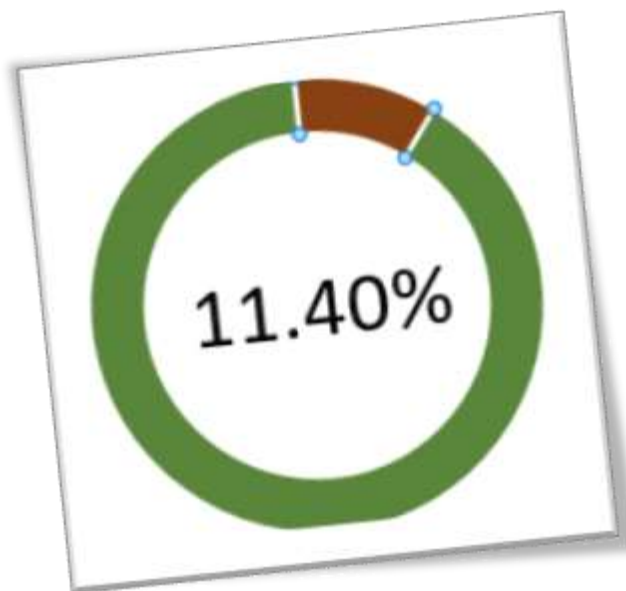


FINDINGS #14

A comparative analysis of results of inspection in year 2018 and 2019



Paid-up Capital exceeded the Authorized Capital



1,202



160

ANALYSIS: In year 2019, one of the area focused by CDA in conducting inspection to cooperatives is their compliance in amending their authorized capital should it exceed the amount of its paid-up capital. The percentage is only 11.40% but such mean that there are 160 cooperatives violating the contract it entered into with the CDA. A robust program should be undertaken to arrest this problem

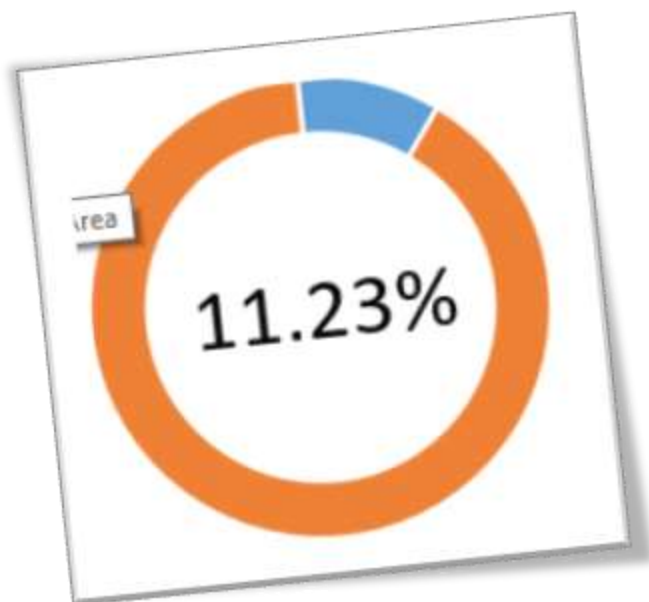


FINDINGS #15

A comparative analysis of results of inspection in year 2018 and 2019



CBU is not implemented



1,202



135

ANALYSIS: From 71.43%, it went down to 11.23%. To give number to such percentage, it means that from 1,100 co-ops, it went down to 135 coops who are not implementing the CBU stipulated in its bylaws. An impressive feat, but the remaining co-ops should be informed that the officers are violating its contract to the members. Should the members opted not to abide with it then it must amend its bylaw.



FINDINGS #16

A comparative analysis of results of inspection in year 2018 and 2019



Unlocated/not located in its registered address



1,202



ANALYSIS: From 1.95%% or 30 co-ops, it went up to 10.73% or 129 co-ops. The figure is quite alarming because more cooperatives cannot be found in its official postal address. Awareness program should be made by CDA that should the co-ops opted to transfer its office, an amendment should be made to its articles of cooperation.



FINDINGS #17

A comparative analysis of results of inspection in year 2018 and 2019



Signage not in accordance w/ MC 2017-03



1,202



125

ANALYSIS: From 29.22%, it went down to 10.40% or an almost 3-fold reduction of co-op violators.. The importance of having a signage should further be articulated not only for the intent of coop identity, but mostly due to transparency and compliance to the regulation of the Authority

CONCLUSION

A comparative analysis of results of inspection in year 2018 and 2019

- For the year 2019, CDA-NCR is effective on its programs to reduce the number of cooperatives who violates the law, its IRR, rules and regulations, CDA issuances, and the cooperative bylaws
- Legal risks in coops is somehow mitigated
- CDA programs and projects for the succeeding years should be anchored on the result of inspection on the previous year
- To be more effective, CDA should monitor the violations per coop to see trends of co-ops performance towards the inspection findings



MOVING FORWARD



1. Awareness Program on:

- Maintenance and updating of Books to be Kept by cooperatives. An infographic is needed
- Formulation of policies and procedures in the operation of a cooperative
- Computation, value and importance of statutory reserves and ICPR
- How to access the services of NGAs and compliance to their rules and regulations
- Conduct of Board and Committee Meetings
- Gender Development
- SMCBU



MOVING FORWARD



2. Development of pro-forma model on:

- Share Certificate
- Subscription Agreement
- Plans, programs, and budget
- Business Continuity Plan



MOVING FORWARD



3. Provision of extension services on:

- Mandatory training of officers
- Funding the statutory reserves
- Inclusion of arbitral clause in bylaws
- Cooperatives whose paid-up capital exceeded the authorized capital
- Changing the official postal address
- Compliance to signage



MOVING FORWARD



3. CDA regulation on the following:
- Mandatory affiliation of cooperatives to federations/and/or union
 - Mandating cooperatives to have a business continuity plan
 - Encourage cooperative to provide incentives to officers who have served within reasonable period of time



