

**MEMORANDUM CIRCULAR No. 2012-17**  
 Series of 2012

**TO :** ALL CONCERNED

**SUBJECT :** POLICY GUIDELINES FOR THE ESTABLISHMENT OF COOPERATIVE'S SATELLITE OFFICE

**DATE :** JULY 19, 2012

Pursuant to the powers vested by Republic Act 6939 and RA 9520, the Cooperative Development Authority (CDA) hereby promulgates the following guidelines on the establishment of satellite office.

**Section 1. Legal Basis**

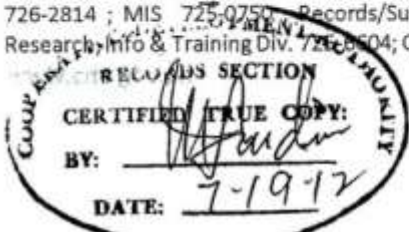
These Guidelines are hereby promulgated consistent with the Article 2 paragraph 1 of RA 9520 "to foster the creation and growth of cooperatives as a practical vehicle for promoting self reliance and harnessing people power towards the attainment of economic development and social justice" and as enshrined in Sections 1 and 3(a) of RA 6939 "to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development and the powers of the Authority to formulate, adopt and implement integrated and comprehensive plans and programs on cooperative development".

**Section 2. Purpose**

These Guidelines shall provide for the orderly and systematic establishment of satellite office and prescribing the requirements in the establishment thereof.

**Section 3. Scope**

All cooperatives intending to set-up or those with existing satellite office shall be covered by these guidelines except cooperative banks.



#### Section 4. Definition of Terms

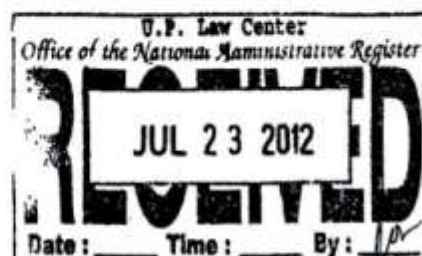
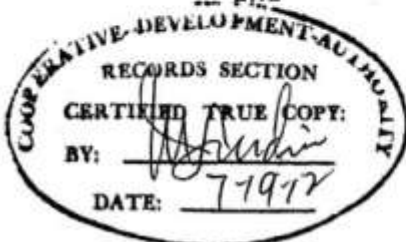
1. **Principal/Main Office** – refers to the registered head office as indicated in the articles of cooperation and bylaws of the cooperative where the business and cooperative activities are conducted and central records and main books of accounts are kept. It is also the place where the officers and key management staff of the cooperative direct, control, coordinate and manage its entire operation.
2. **Branch Office** – shall refer to a business office outside the principal office where full cooperative activities and business operation are undertaken as per approved cooperative development plan and subject to administrative regulations. For purposes of this definition, cooperative activities shall refer to, but not limited to: acceptance and processing of membership, conduct of PMES and other trainings. While business operation means conduct of business activity/ies as stated in the objectives and purposes of the cooperative.
3. **Satellite Office** – refers to an extension office established by the cooperative within its area of operation to provide limited services to its members where maintenance of the books of accounts is to be done by the head/main office and other administrative regulations as required by the Authority.
4. **Letter of Authority** – refers to a document issued by the CDA to the cooperative allowing the establishment of a satellite office.

#### Section 5. Documentary Requirements

The following documentary requirements shall be submitted to CDA having jurisdiction over the principal office of the cooperative for issuance of Letter of Authority:

- 5.1 Financial Statement for the past two (2) years;
- 5.2 Certificate of Good Standing for the preceding year;
- 5.3 Oath of undertaking signed by the Chairperson of the cooperative for the specific services/activities to be undertaken by the proposed satellite office;
- 5.4 Certification as to available space and manpower to manage the office;

--- and



5.5 Official Receipt showing payment of the processing fee.

**Section 6. Processing Fee**

Processing fee for the issuance of Letter of Authority for each satellite shall be as follows:

Processing Fee	Category of Coop
Php 500.00	Primary
Php 1,000.00	Secondary
Php 2,000.00	Tertiary

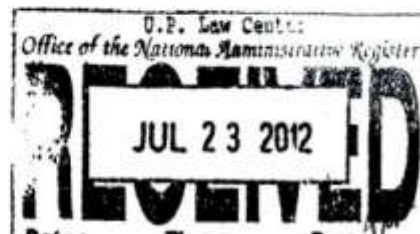
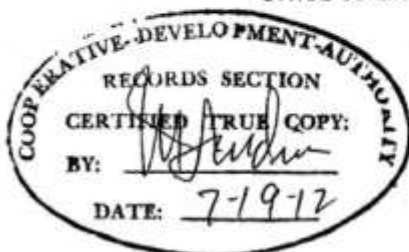
**Section 7. Conditions for Satellite Operations**

The following shall be the condition in operating a satellite office:

- 7.1 Signage as a satellite office;
- 7.2 List of specific transactions to be undertaken as approved by the BOD;
- 7.3 Presence of Operational Structure;
- 7.4 Submission of summary reports to the head office;
- 7.5 Have secured a Barangay Permit and Mayor's Permit;
- 7.6 Maintenance of Accountable Forms (e.g. Cash Acknowledgement / Provisional / Official Receipts, Vouchers, etc.);
- 7.7 Posting of Flow of Transactions in the satellite office ;
- 7.8 Official Receipt showing payment of processing fee;
- 7.9 Availability of appropriate logistics (e.g. personnel complement, computer, tables, chairs, cash register, cash vault or box, if applicable, etc.); and
- 7.10 Other conditions as may be determined by the Authority.

**Section 8. Administrative Regulations**

- 8.1 All intended and existing satellite office should be established within the area of operation of the cooperative;
- 8.2 The satellite office shall only maintain a record of daily transactions to be submitted to the main/head office regularly.
- 8.3 A minimum number of personnel as determined by the Principal/Main office to effectively discharge the functions of the satellite office;



- 8.4 All collections must be turned-over or deposited within the day to the account of the main office or imprest system of handling cash shall be maintained at all times;
- 8.5 All satellite offices should post the Barangay/Mayor's Permit at all times; and
- 8.6 Other regulations as may be determined by the Authority.

**Section 9. Jurisdiction**

The CDA Office having jurisdiction over the principal office of the cooperative shall be responsible for the approval and issuance of the Letter of Authority to establish a satellite office.

In case the satellite office to be established is outside the jurisdiction of the extension/ central office where the cooperative is registered, the issuing office shall send an official notice together with a copy of a letter of authority to the extension office where the satellite office is to be established.

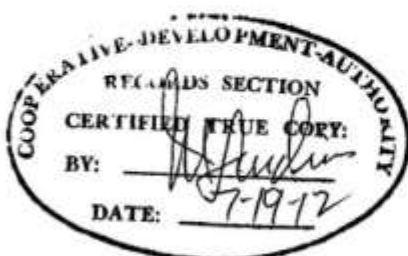
**Section 10. Satellite Office Inspection**

To ensure compliance with these guidelines, the CDA authorized personnel of the Extension Office shall conduct the inspection of the satellite office where it is located. Provided, that the inspection report shall be forwarded to the EO having jurisdiction over the principal office of the cooperative.

**Section 11. Relocation/Transfer of Satellite Office**

Cooperatives may be allowed by the CDA to relocate /transfer its satellite office subject to the following conditions:

- a. Notice to CDA of relocation/transfer of satellite at least three (3) months before the actual transfer;
- b. Posting of notice of relocation/transfer in conspicuous place where the satellite office is located at least three (3) months prior to scheduled relocation/transfer; and
- c. Payment of processing fee.



## Section 12. Voluntary Closure or Transfer of Satellite Office

Voluntary closure of cooperative satellite office shall be allowed provided that the following procedures are complied with:

- 1) A document, duly signed by an authorized officer noted by the Chairman of the Cooperative, of its intention to close a satellite office shall be submitted to the Authority at least three (3) months prior to the closure;
- 2) Sending of Notice/Posting of Notice of Closure in conspicuous place of the satellite office shall be made in order to inform members and creditors of the satellite office to be closed at least three (3) months prior to the closure;
- 3) Upon submission of the report on the completion of Par. 1 and 2, the Authority shall automatically issue an Order of Closure to the concerned cooperative satellite office. This also cancels the Letter of Authority issued.

## Section 13. Sanctions

Any violation of these guidelines shall be subject to the following:

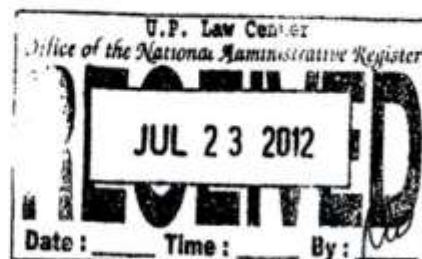
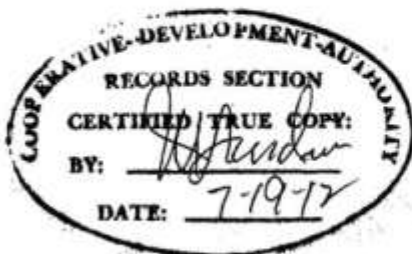
- 1) Any violation of these guidelines shall be a ground for the cancellation of the letter of authority and closure of a satellite established hereunder without prejudice to the imposition of the applicable administrative sanctions to the cooperative under RA9520; and
- 2) Non-issuance of the Certificate of Good Standing (CGS).

## Section 14. Transitory Provisions

Cooperatives which have already established satellite office/s prior to effectivity of this guideline are hereby given one (1) year from the effectivity hereof to comply with the prescribed requirements.

## Section 15. Separability Clause

Should any part of this circular is found inconsistent with existing laws, rules and regulations, the remaining provisions hereof shall remain in full force and effect.



**Sections 16. Effectivity**

This Circular shall take effect fifteen (15) days following the approval of the Board of Administrators and the filing of copy hereof to the Office of Administrative Register (ONAR).

Approved on July 13, 2012 per Board Resolution No. 168, s-2012.

**For the Board of Administrators**

By:



**EMMANUEL M. SANTIAGUEL, Ph.D.**

Chairman

