



Central Office

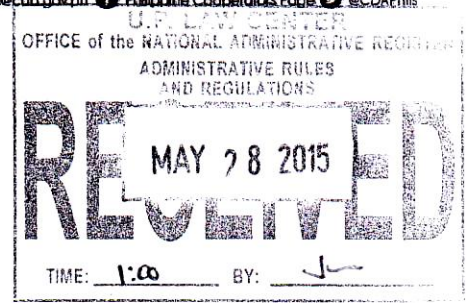
827 Aurora Blvd., Service Road, Brgy. Immaculate Conception, 1111 Cubao, Quezon City, Philippines

Memorandum Circular No. 2015-02

Series of 2015

SUBJECT : GUIDELINES ON INSPECTION OF COOPERATIVES

DATE : April 30, 2015



Pursuant to Sec. 6, Article XII, of the 1987 Philippine Constitution, Articles 34 (4) and 52 of RA9520 and Section 3 (m), (o) of RA 6939, the Authority prescribes the following Guidelines governing the conduct of inspection of cooperatives.

Section 1. Title

This issuance shall be known as the Guidelines on Inspection of Cooperatives.

Section 2. Statement of Policy and Objectives

The Cooperative Development Authority (CDA) is statutorily mandated to promote the viability and growth of cooperatives as instrument of social justice and economic development in pursuance of the Constitutional mandate under Article XII, Section 15 of the 1987 Philippine Constitution.

In line with this policy, the CDA adopts the inspection of cooperatives as a mechanism to directly pursue its mission of ensuring the safe and sound operation of cooperatives.

Section 3. Scope and Coverage

These Guidelines shall apply to all types and categories of cooperatives registered with the Authority and its Extension Offices, except the following:

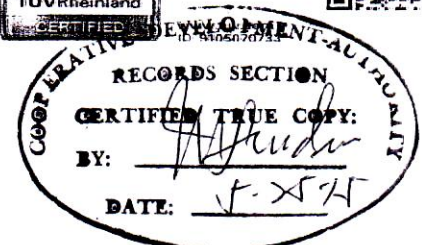
1. Cooperatives issued with Show Cause Order as a result of inspection, subject to the discretion of the Extension Office Directors;
2. Cooperatives recommended for Dissolution;
3. Cooperatives issued with the Order of Dissolution or Cancellation;
4. Cooperatives under Liquidation;
5. Delisted cooperatives and
6. New cooperatives registered during the current year.

In the case of the registered cooperative with branch and satellite offices, inspection of the latter shall be conducted through the main office.

Office of the Executive Director : (02) 725-6450
 Officer of the Day : (02) 725-3764



Management System
 ISO 9001:2008



Section 4. Definition of Terms

As used in these Guidelines, the operational definition of the following terms shall be:

1. **INSPECTION** – a function exercised by the Authority to ensure that cooperatives comply with the regulatory requirements imposed by the cooperative laws, rules and regulations, related laws and other administrative issuances.
2. **SHOW CAUSE ORDER** – an order issued by the Authority requiring the cooperative to explain/show why it failed to comply with the cooperative laws, rules and regulations and other administrative issuances relating to the grounds for Dissolution, Liquidation, Cancellation.
3. **ORDER OF DISSOLUTION** – an order issued by the Authority for the termination of the juridical personality of the cooperative through appropriate proceedings, or through its own initiative.
4. **ORDER OF LIQUIDATION** – an order issued by the Authority or by the appropriate court for the winding up of the affairs of the cooperative.
5. **ORDER OF CANCELLATION** – an order issued by the Authority to cancel the Certification of Registration of the cooperative thereby terminating its juridical personality.
6. **DELISTED COOPERATIVES** – cooperatives whose names are delisted or stricken out from the Registry of Existing Cooperatives after their Certificate of Registration has been ordered cancelled.

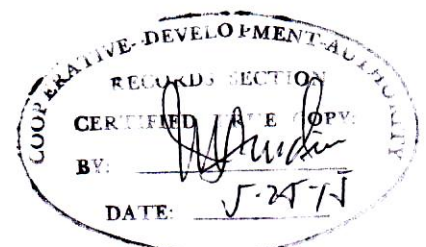
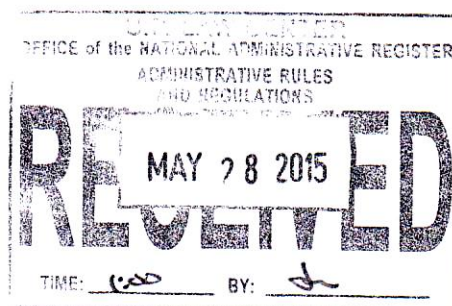
Section 5. Notice of Inspection

A Notice of Inspection shall be sent to the cooperative through its Board of Directors or the General Manager at least two weeks prior to the conduct of the inspection.

The Notice shall contain the following:

1. The name/s of the duly authorized inspector/s;
2. The date of the inspection;
3. Documents and records needed during the inspection;

The Notice shall also state the mandatory presence of the Chairman, members of the Board of Directors and the General Manager/Chief Executive Officer or the duly authorized representative/s in case of their absence during the Exit Conference.



Section 6. Authority of the Inspector/s

During the conduct of the inspection, the Inspector/s shall have the following powers and authorities:

1. Require the presentation and/or submission of reports or documents or records necessary to ascertain the facts relative to the condition of the cooperative and other matters which are the subject of the inspection;
2. Inquire into the financial information of the cooperative and other cooperative activities to determine whether they are in accordance with cooperative laws, rules and regulations and with the general policies set by the general assembly and the Board of Directors;
3. Conduct interview and other inquiries on matters that need clarifications;
4. Conduct an Exit/Clarificatory Conference;
5. To do other acts that may be deemed necessary in the conduct of inspection.

Section 7. Authorized Inspector/s

The Inspection of cooperatives shall be conducted by the duly authorized personnel of the Authority or a team thereof.

Cooperatives registered with the Central Office will be inspected by the CDA Central Office personnel while those registered with the extension office shall be subject to the inspection of the CDA Extension Office Inspectors.

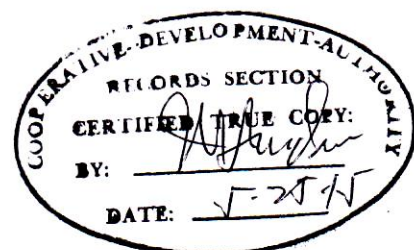
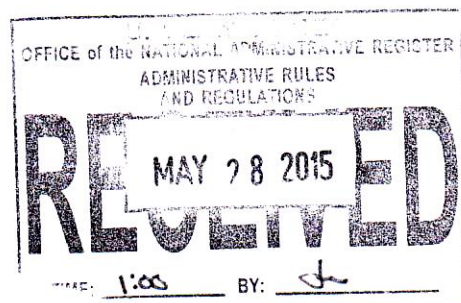
All Inspectors shall, at all times, observe the principle of independence and confidentiality on the conduct of inspection.

Section 8. Frequency of Inspection

The inspection of cooperatives shall be undertaken at least once a year.

Section 9. Exit Conference

Immediately after the inspection, the Inspector/s shall conduct an Exit Conference to discuss all the findings and observations with the Board of Directors and other officers of the cooperative. The inspector/s shall likewise cite and acknowledge the good practices of the cooperative. During the Exit Conference, the cooperative may refute any findings that it



deems unsupported by evidence or facts. The cooperative may also be given the time to make the necessary corrections on the findings if warranted.

The presence of the chairman, other members of the board of directors and other key officers is required during the exit conference. Their absence, however, constitutes a waiver of their participation therein.

Section 10. Inspection Report

After the Exit Conference, the Inspector shall furnish the cooperative a copy of the Inspection Report signed by the Inspector and confirmed by the cooperative's Chairman and/or General Manager/Chief Executive Officer or its representative/s with written authority to sign for and in their behalf.

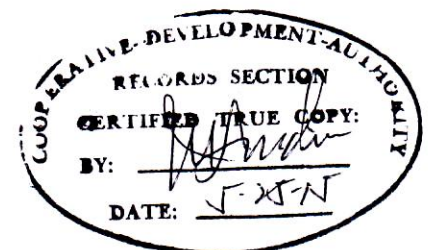
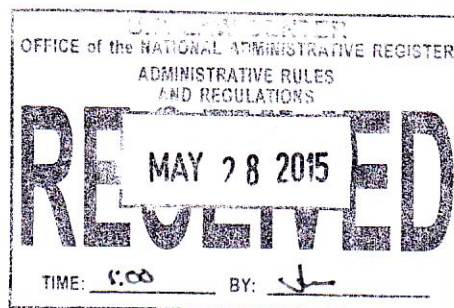
The Report shall serve as the official document pertaining to the Inspection and it shall form part of the official records of the cooperative in the CDA.

Findings made upon inspection can serve as basis to conduct subsequent examination, if so warranted.

Section 11. Prohibited Acts or Omissions

Consistent with Article 140 of RA 9520, any responsible officer or employee of the cooperative may be penalized for the following violations:

- a) Omission or refusal to furnish any information, report or other document required under RA 9520;
- b) Providing information, reports, or other documents to the CDA which the persons responsible know to be false or misleading;
- c) Omission or refusal to keep a book or registry required under RA 9520 or to make the required entry therein;
- d) Making an entry required under RA 9520 in a book or registry which the persons responsible know to be misleading;
- e) Hindering an authorized inspector from making an inspection or refusal of the cooperative to be inspected;
- f) Failure to comply with an order or written instruction issued or given by the CDA;
- g) Violation of the provisions regarding transactions with a restricted party; and



- h) Abetting, counseling, allowing, authorizing or commanding another person to commit an offense punishable by this Code. Provided, that in case the violator is a cooperative or juridical person, the penalty shall be imposed on its directors and officers.

Section 12. Request for Reconsideration

In case the cooperative officers refused to appear during Inspection and Exit Conference, all findings arising therefrom shall be considered as admission of the infractions. However, should the inspection yield negative findings, the cooperative affected may within ten (10) days, seek reconsideration of the same by submitting relevant documents to rebut the negative findings to the appropriate CDA-Extension Office (EO). The appropriate CDA-EO exercises discretion to allow or deny the correction of the findings on the basis of the relevant documents submitted. Said request for reconsideration shall be acted upon by the CDA-EO within fifteen (15) days from receipt thereof.

Section 13. Repealing Clause

All guidelines, circulars, or similar issuances that pertain to the conduct of inspection of cooperatives are hereby repealed; Provided, that the existing inspection findings based on previous guidelines or circulars shall remain valid and in effect.

Section 14. Separability Clause


If any provision of this Circular is held to be unconstitutional, the other parts hereof shall continue to be in full force and effect.

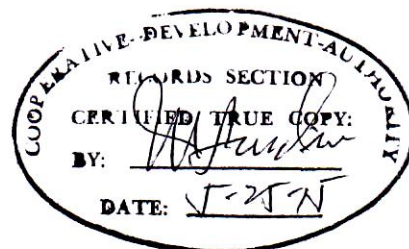
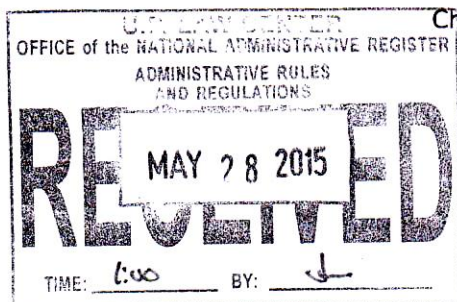
Section 15. EFFECTIVITY

This Memorandum Circular shall take effect fifteen (15) days after its publication in the Office of the National Administrative Registry (ONAR) OR Official Gazette.

Approved pursuant to BOA Resolution No. 89, S-2015 dated April 30, 2015.

For the Board of Administrators
By:


ORLANDO R. RAVANERA
Chairman ✓





Central Office

827 Aurora Blvd., Service Road, Brgy. Immaculate Conception, 1111 Cubao, Quezon City, Philippines

**EXCERPTS FROM
 MINUTES OF REGULAR MEETING
 OF THE CDA BOARD OF ADMINISTRATORS HELD ON APRIL 30, 2015
 Board Room, CDA Central Office**

PRESENT:

Hon. Orlando R. Ravanera	- Presiding Officer/Chairman
Hon. Nelson B. Alindogan	- Administrator from Luzon
Hon. Eulogio T. Castillo, Ph. D.	- Administrator from Luzon
Hon. Mercedes D. Castillo	- Administrator from Visayas
Hon. Paisal I. Cali	- Administrator from Mindanao

ABSENT:

Hon. Pendatun B. Disimban	- Administrator from Mindanao
Hon. Benjie S. Oliva	- Administrator from Visayas

ALSO PRESENT:

Dir. Ray R. Elevazo	- Executive Director
---------------------	----------------------

RESOLUTION NO. 89, s- 2015

Upon motion by Adm. Mercedes D. Castillo, duly seconded by Adm. Nelson B. Alindogan, be it RESOLVED, as it is hereby RESOLVED, to approve the Inspection Guidelines and Procedures, as corrected.

APPROVED.

XX XX XX XX

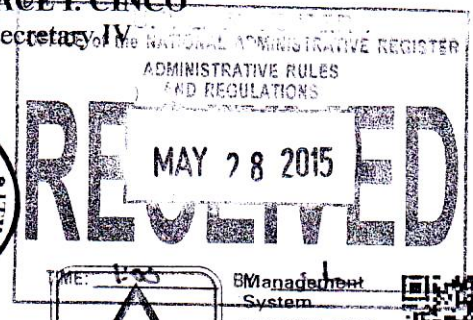
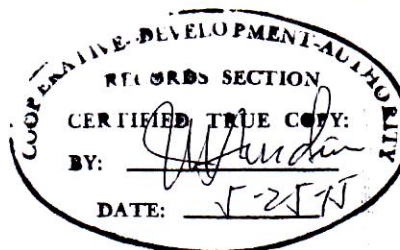
This is to certify that the foregoing is true and correct from the minutes of the CDA Board of Administrators' Regular Meeting.

MARY GRACE I. CINCO

Board Secretary IV

ATTESTED:

ORLANDO R. RAVANERA
 Chairman



Management System
 ISO 9001:2008



Office of the Executive Director : (02) 725-6450
 Officer of the Day : (02) 725-3764

www.tuv.com
 ID 9105070733