

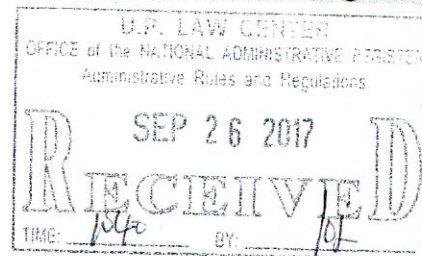


Office of the President of the Philippines
COOPERATIVE DEVELOPMENT AUTHORITY

<http://www.cda.gov.ph> chairman@cda.gov.ph Philippine Cooperators Page @CDAPHils

Central Office

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



MEMORANDUM CIRCULAR NO. 2017-05

Series of 2017

**SUBJECT: GOVERNANCE AND MANAGEMENT AUDIT
REPORT FOR COOPERATIVES**

Section 1. Title

This Memorandum Circular shall be known as the **GOVERNANCE AND MANAGEMENT AUDIT REPORT FOR COOPERATIVES (PERFORMANCE AUDIT REPORT)**.

Section 2. Legal Basis

1. Article 53 of R.A. 9520, otherwise known as the Philippine Cooperative Code of 2008, to wit:

“Every cooperative shall draw up regular reports of its program of activities, including those in pursuance of their socio-civic undertakings, showing their progress & achievements at the end of every fiscal year. xxx”

2. Article 80 of the same Code states:

“Cooperatives registered under this Code shall be subject to an annual financial, performance, and social audit. xxx”

Rule 8, Section 2 (b) of the Implementing Rules and Regulations of R.A. 9520 specifies Performance Audit Report as one of the mandatory reports to be submitted to the Authority.

Section 3. Definition of Terms

- a. *Governance and Management Audit Working Paper* – refers to the working paper to be used by the Audit Committee or Internal Auditor in analyzing/assessing the performance of the cooperative in a form to be prescribed by the Authority.



- b. *Governance and Management Audit Report* – refers to the summary report of analysis/assessment to be undertaken by the cooperative based on the result of the audit using the tool prescribed by the Authority.

Section 4. Purpose

The purpose of the Governance and Management Audit Report is to determine the presence of the documents needed to be maintained by every cooperative in the operation and management of its business. Specifically, the report will serve as:

- a. regulatory and supervisory tool of CDA in programming the roadmap of developmental intervention for management and governance of cooperatives; and
- b. management tool of cooperative to identify problem areas in its governance and management practices.

Section 5. Coverage

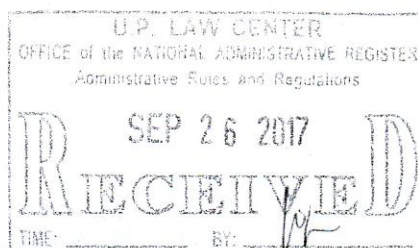
This Guideline shall govern and cover all registered cooperatives, regardless of types and categories, except for micro cooperatives which have the option to use and/or submit the report.

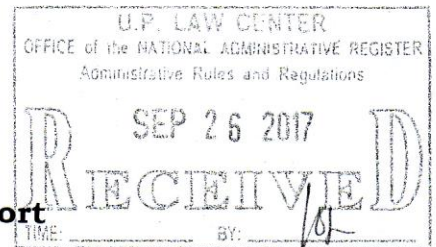
Section 6. Governance and Management Audit Working Paper

This document shall serve as the working paper in the conduct of performance audit which shall be kept and maintained by the cooperative.

The Governance and Management Audit Working Paper must be filled up by the Internal Auditor or the Audit Committee in coordination with the responsible person/s in the key units of the cooperative signifying the presence of the documents being asked. The remarks portion should indicate findings in the document whether it is not in the possession by the right person, found to be incomplete in substance, or the document is not duly signed by responsible officers.

There are two (2) major components in the working paper. The 1st component is the *Governance Reports* while the 2nd component is the *Management Report/Records*.





Section 7. Governance and Management Audit Report

The presentation of the Governance and Management Audit Report (*see Annex A – Format Template*) shall at least include the following parts:

- a. *Basic Information* – presents the general information about the cooperative.
- b. *Executive Summary* - presents the overview of the objectives and scope of the audit, over-all rating and rating per component, and the summary of the key observations and conclusions together with the key recommendations identifying the strong points and main areas which need to be addressed by the cooperative.
- c. *Objectives and Scope of the Audit* - presents the objectives set and brief scope of audit including the actions chosen for audit and broad details of the procedures carried out.
- d. *Observations / Findings* – presents a clear and logical analysis of the identified strong points or problems confronted by the cooperative within the auditing period. The report should provide sufficient details of the observations and findings to substantiate the points given
- e. *Recommendation and Conclusion* – This part should be clear and precise on the need for appropriate action to address the issue. The recommendation shall form as basis for any follow-up audit, evaluation or examination.

Section 8. Period of Submission and Sanctions

The Governance and Management Audit Report (*see Annex B – Sample Report*) shall be submitted by the cooperative to the CDA not later than 120 days from the end of each Calendar Year as attachment to the CAPR.

The cooperative who failed to submit the report shall not be issued Certificate of Compliance (COC) or may also be subjected to a procedural process of cancellation.

Section 9. Consolidation, Evaluation and Submission of Governance and Management Audit Reports

The Supervision and Examination Unit (SEU) of every CDA Extension Offices shall be responsible in the consolidation, evaluation and analysis of the Governance and Management Audit Report. After the sixty (60) days deadline of submission by the cooperatives, the consolidated evaluation and

analysis shall be submitted by the SEU Extension Offices to the Extension Office Directors for possible intervention by the other operating units of CDA.

The summary report of analysis and intervention shall be submitted to SEU Central Office through the Executive Director.

Section 10. Repealing Clause

Memorandum Circular No. 2013-15, Series of 2013 dated February 25, 2013 Re: Performance Report Standards for Cooperatives is hereby repealed accordingly.

Section 11. Effectivity

This Memorandum Circular shall take effect upon approval of the CDA Board of Administrators and fifteen (15) days after its publication in the Office of National Administrative Register (ONAR).

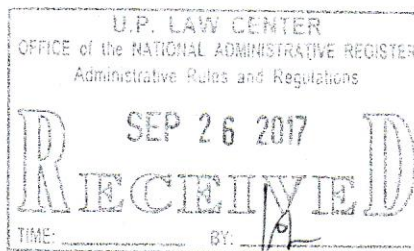
Approved by the CDA Board of Administrators on August 15, 2017 per BOA Resolution No. 213 Series of 2017.

Date: September 22, 2017

For the CDA Board of Administrators:

By:


ORLANDO R. RAVANERA
Chairman ✓

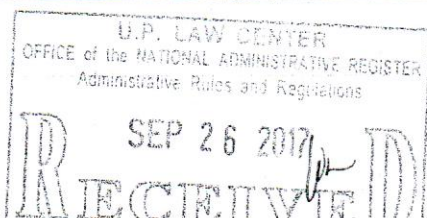


**GOVERNANCE AND MANAGEMENT AUDIT WORKING PAPER
(PERFORMANCE AUDIT REPORT)**

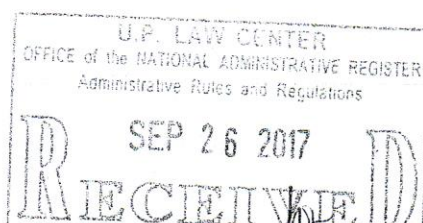
This working paper must be filled up by the Internal Auditor or the Audit Committee in coordination with the responsible person/s in the key units of the cooperative signifying the presence of the documents being ask. The remarks portion should indicate finding/s in the document whether it is not in possession by the right person, found to be incomplete in substance, or the document is not duly signed by responsible officer/s.

A. GOVERNANCE REPORTS

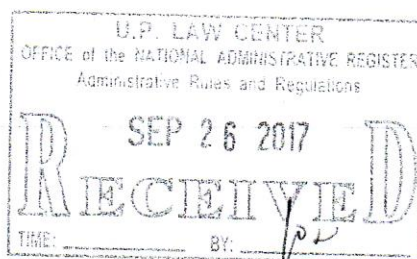
OFFICERS	DOCUMENTS	Please check <input checked="" type="checkbox"/> if available	REMARKS
A.1 General Assembly			
	1. Approval of plans and budget		
	2. Acceptance/approval/confirmation/ratification of the following reports of the Board (including BR) and Committees		
	2.1 Board Report		
	2.2 Committee Reports		
	2.3 Management Report		
	3. Engagement of the external auditors		
	4. Election of officers		
	5. Presentation of Annual Report		
	6. Acceptance of Audited Financial Statements		
	7. Other Resolutions/Policies, including amendments of ACBL, if any		
A.2 Board of Directors			
	1. Written duties and responsibilities		
	2. Duly signed Oath of Office		
	3. Copies of minutes of meeting/BR/Reports		
	3.1 Discussion of financial statement		
	3.2 Formulation of VMG		
	3.3 Budget		
	3.4 Policy review		
	3.5 Discussion of audit findings or recommendations (internal and external)		
	3.6 BR specifying the regular schedule of meetings of the Board and the Committees		
	4. Rules and Procedures in conducting a meeting		
	5. Succession Program		
A.3 Election Committee			
	1. Minutes and Committee Reports and Recommendations		
	2. Written duties and responsibilities		
	3. Duly signed Oath of Office		



OFFICERS	DOCUMENTS	Please check <input type="checkbox"/> if available	REMARKS
	4. Duly approved election guidelines		
	5. Education program for elective position		
	6. Screening program of members with voting rights		
	7. List of Members with voting rights		
	8. Results of Election		
	9. Documents as to run-over of documents to new officers		
A.4 Audit Committee			
	1. Minutes and Committee Reports and Recommendations		
	2. Written duties and responsibilities		
	3. Duly signed Oath of Office		
	4. Audit Systems and Procedure		
	5. Audit Program of Work		
	6. Internal Audit Report		
	7. Monitoring report on audit recommendations		
	8. Report to General Assembly		
A.5 Education Committee			
	1. Minutes and Committee Reports and Recommendations		
	2. Written duties and responsibilities		
	3. Appointment Paper/BR		
	4. Copies of minutes of meeting/BR/Reports		
	5. Training Plan/Program with budget		
	6. Training Report		
	7. Training modules		
	8. Training materials/ paraphernalia		
	9. List of pool of trainers		
	10. Feedback/evaluation tool		
A.6 GAD Committee			
	1. Minutes and Committee Reports and Recommendations		
	2. Written duties and responsibilities		
	3. Appointment Paper/BR		
	4. Copies of minutes of meeting/BR/Reports		
	5. GAD Plan with Budget		
	6. Sex disaggregated data of members, officers and staff		
	7. GAD Assessment Report		
A.7 Mediation and Conciliation Committee (Medcon)			
	1. Minutes and Committee Reports and Recommendations		

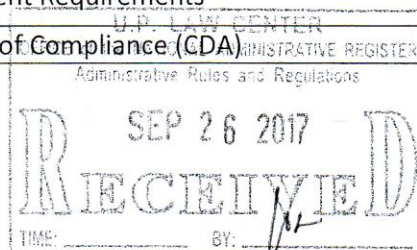


OFFICERS	DOCUMENTS	Please check <input type="checkbox"/> if available	REMARKS
	2. Written duties and responsibilities		
	3. Appointment Paper/BR		
	4. Copies of minutes of meeting/BR/Reports		
	5. Conflict resolution policies and procedures		
	6. Medcon Plan/program		
	7. Medcon Semi-annual Report		
A.8 Ethics Committee			
	1. Minutes and Committee Reports and Recommendations		
	2. Written duties and responsibilities		
	3. Appointment Paper/BR		
	4. Copies of minutes of meeting/BR/Reports		
	5. Code of Ethical Standards		
	6. Ethics Committee Plans and Programs		
A.9 Other Committees, specify: _____			
	1. Minutes and Committee Reports and Recommendations		
	2. Written duties and responsibilities		
	3. Appointment Paper/BR		
	4. Copies of minutes of meeting/BR/Reports		
	5. Program of Work		
	6. Accomplishment Report		
A.10 Secretary			
	1. Book of Minutes of meetings of GA and the BOD		
	2. Registry of Members		
	3. Share and transfer book		
	4. Cooperative copy of COR, ACBL, COC		
	5. Compilation of Board Resolutions		
	6. Cooperative Seal		
	7. Contracts, MOA, other docs (specify) _____		
A.11 Treasurer			
	1. Cash Book		
	2. Cooperative securities (investment, titles, and other negotiable instruments)		
	3. Cash Position Report		
	4. Petty Cash Book		
A.12 General Manager / C.E.O. / or its equivalent			
	1. Appointment paper		
	2. Board Resolution Files		
	3. Monthly/quarterly/semi-annual/annual management report		

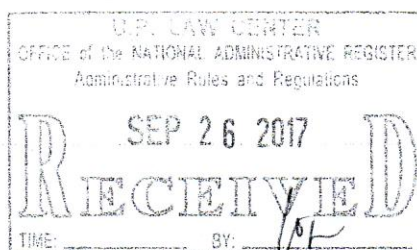


B. MANAGEMENT REPORTS/RECORDS

OFFICERS	DOCUMENTS	Please check <input type="checkbox"/> if available	REMARKS
B.1 Organizational/Operational Structure			
	1. Organizational Chart		
	2. Management Functional Chart		
	3. Functional Statement of each unit/ departments/sections		
B.2 System and Procedures			
	1. Complete book of accounts		
	2. Updated recording		
	3. Internal Control		
	3.1 CASA		
	3.2 Accounting system		
	3.3 Bond of accountable officer		
	3.4 Record preservation (maintenance and disposal/archiving plan		
	3.5 Continuity/contingency Plan		
	4. Manual of Operation		
	4.1 Business Operation Manual		
	4.2 Accounting Manual		
	4.3 Code of Governance and Ethical Standards		
	4.4 Personnel Policy Manual		
	4.5 Election Guidelines		
	4.6 Audit Manual		
	4.7 Others, specify _____		
B.3 Human Resource Records			
	1. Contract/Certificate of employment		
	2. Personnel File		
B.4 Performance Evaluation			
	1. Standards of measurement		
	2. Rating of all management staff		
B.5 Compensation and Benefits			
	1. Salary scaling program		
	2. Incentive and Reward Program		
	3. Retirement Plan/Program/Package		
B.6 Career Development			
	1. Capacity building program		
	2. Scholarship program		
	3. Immersion program		
B.7 Compliance to Government Requirements			
	1. Certificate of Compliance (CDA)		



OFFICERS	DOCUMENTS	Please check <input checked="" type="checkbox"/> if present	REMARKS
	2. Certificate of Tax Exemption (BIR)		
	3. Registration (SSS)		
	4. Registration (PHILHEALTH)		
	5. Registration (PAG-IBIG)		
	6. Certificate of Exemption / DO 174 (DOLE)		
	7. Business Permit (LGU)		
	8. Other agencies, specify the document, if applicable _____		



GOVERNANCE AND MANAGEMENT AUDIT REPORT (Performance Audit Report)

As of December 31, _____

ABC COOPERATIVE

1st paragraph (Basic Information)

PARTICULARS	SOURCE DOCUMENTS
i. Name of Cooperative (as of latest amendment, if any)	Latest Certificate of Amendment (In case there is an amendment in the name of the cooperative) or Certificate of Registration under RA 9520
ii. Cooperative Identification Number (CIN)	Certificate of Registration under RA 9520 (bottom part of the Certificate)
iii. Registration Number	Certificate of Registration under RA 9520 (upper part of the Certificate)
iv. Actual Principal Address	Latest Articles of Cooperation
v. Type and business of Cooperative	Latest Articles of Cooperation/Audited Financial Statement

2nd paragraph

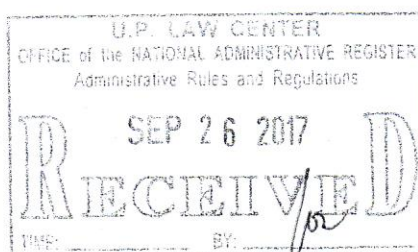
- When and who conducted the audit
- Scope or areas of audit
- Objective why audit was conducted
- Approaches, style, techniques use in the conduct of audit

3rd paragraph – discuss the objective and by citing the scope of the audit and the methodologies adopted by the auditor

- Summary of Key Observations (Cite first the strong areas and best practices of the cooperative, specifically on the presence of well-maintained documents. Then identify the areas to be improved)

4th paragraph – RECOMMENDATION AND CONCLUSION

- Specific recommendations for action by the cooperative



GOVERNANCE AND MANAGEMENT AUDIT REPORT (PERFORMANCE AUDIT REPORT)

ABC COOPERATIVE

ABC Cooperative is a duly registered cooperative with the Cooperative Development Authority (CDA) under Registration No. _____ and CIN No. _____, with official postal address at _____ engaging in the provision of _____.

The audit was conducted by the _____ last _____ of _____ 2017 to ascertain the documents required by MC No. ____ Series of _____ issued by the CDA, a government agency in-charge in the regulation and development of cooperatives. Methodologies employed include verification of the presence of the documents, whether the document is updated, and whether it is duly approved by authorized representative of the CDA. Prior the conduct of the audit, a memorandum was issued to the concerned units/person at least two (2) weeks before the conduct of the audit.

Summary of observations and findings are found below:

STRONG AREAS	AREAS TO BE IMPROVED

In order to address the findings, the following is hereby suggested:

AREAS TO BE IMPROVED	NEEDED ACTION	TIMELINES

ATTESTED TRUE AND CORRECT:

Audit Committee Member

Chairman of Audit Committee

Audit Committee Member

CONCURRED:

Chairperson of the Board

