



COOPERATIVE DEVELOPMENT AUTHORITY Manila Extension Office

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ASA PHILIPPINES CREDIT COOPERATIVE “Cooperative Principles and Best Practices”

Cooperative Principles

ASA Philippines Credit Cooperative conducts affairs in accordance with the CDA universal principles of cooperative such as:

1. **Open and Voluntary Membership** – membership in the cooperative is voluntary and available to all ASA Philippines Credit Cooperative members regardless of their political, racial or religious backgrounds and beliefs.
2. **Democratic Control** – APCC is a democratic organization. It is administered by the elected Chairman of the Board of Directors during the annual general assembly meeting and election of officers with equal voting rights on a one-member-one vote principle.
3. **Member Economic Participation** – Members contribute equitably to and control the capital of the cooperative. At least part of that capital is usually the common property of the cooperative. Members receive limited compensation/dividend on their subscribed capital and patronage refund on their loans as a condition of membership.
4. **Autonomy and Independence** – the cooperative is an autonomous, self-help organization controlled by the members.
5. **Education, Training and Information** – cooperative provide education and training for the members, elected representatives, managers, and employees to contribute effectively to the development. Members as well informed about the nature and benefits of cooperation.
6. **Cooperation Among Cooperatives** – APCC serve their members more effectively and strengthen by working together through local, national, regional and international structures.
7. **Concern for the Community** – the cooperative works for the sustainable development of the communities through policy approved by their members.

Cooperative's Best Practices

ASA Philippines Credit Cooperative (APCC) has its best practices of savings every pay-out. All members were taught the way of saving money every time they received their salary for future used. Before the creation of the cooperative, employees borrowed their own money from the HR Department holding their savings which at the near end become complicated due to influx of employees. In 2016, the foundation came along the idea of creating a cooperative.

- **Capital Formation** – Starting a new cooperative can create a need for substantial capital but a thing on capitalization is not a problem with APCC since they have a savings account. Being a newly registered coop of the Cooperative Development Authority (CDA) equity capital from the member's savings account, membership fees, 10% of their savings was paid for the share capital/fixed deposits which categorized into a Large Coop-Institutional Category in their early years of operation.

- **Cash Trading** – This is business done on a cash and carry basis. All Cooperative members enjoy the product and services such as motorcycle loan, car loan, housing loan and salary loan is given in cash payable within a certain period of time according to their salary wages. This practice has trained its members to observe the habit of balanced spending. Furthermore, the cooperative was able to avoid delinquency and stabilize coop business operations smoothly. Finally, it is one way of increasing growth their share capital as well as their savings deposit.
- **Constant Expansion** – As organizations, cooperative has to grow, expansion is a must. It is done intensively and extensively. New members were recruited to accumulate more capital and savings to support operation to expand the business and services which in the long run provide more benefits for each member. However, members undergo continuous pre-orientation on seminar education and training to learn various management practices/techniques and effective financial supervision.
- **Minimize Expenditures** – The officers do not receive remuneration. Board of Directors, officers, get compensation in the form of per diem and honoraria. The audit shows that the cooperative is capable/afford of giving the minimum wage to the cooperative staff. APCC is tax exempted from the net surplus.

Minimizing expenses is not taken as a remedy to cover up the weaknesses of the system. It is not to conceived a form of dole-outs, but rather it is considered as motivation to move stand on its own and attain its objectives. Soon, on the assessment, the APCC can stand independently because of the continuous growth of membership, share capital and savings deposits.

Internal Control Practices in Handling Cash and Other Receivables

1. **Separation of Duties** – APCC has proper separation of duties. No single person has control over the entire cash process as well as other bank account/s.

The best practice is the distribution of task for the following transactions, such as:

- i. Receive and deposit cash
- ii. Record cash payments to receivable records;
- iii. Reconcile cash receipts to deposits and the general ledger;
- iv. Bill for goods and services;
- v. Follow-up on the collection of returned checks;
- vi. Distribute payroll of other checks;
- vii. Persons involved in the cash control for deposit and bank withdrawal to avoid any concealed errors or irregularities. Loss of cash receipts and inaccurate application of cash receipts to department accounts;
- viii. General Manager
- ix. Accountant

2. **Accountability, authorization and approval**

There is proper Cash accountability to ensure that cash is accounted for, property documented and secured, and traceable to specific cash handlers.

Best Practices:

- i. Record cash receipts when received
- ii. Keep funds secured
- iii. Document transfers
- iv. Gove receipts to each customer
- v. Password is shareable only among the three (3) mentioned above
- vi. Give each cashier a separate cash drawer
- vii. Supervisors verify cash deposits and
- viii. Supervisors approve all voided refunded transactions

3. Security of Assets

All APCC resources are physically protected, including the handling of cash.

Best Practices:

- i. Conduct proper background checks on prospective cash handlers
- ii. Follow physical lay-out standards as prescribed in the policy
- iii. Access of cash is restricted
- iv. Cash is locked in a secured storage
- v. Passwords only to authorized personnel
- vi. Password change when someone leaves her/his positions
- vii. Minimize the number of funds held overnight and
- viii. Use a buddy system when taking funds from one locations to another

4. Review and Reconciliations

Perform monthly reconciliation of cash receipts and bank account statements providing good checks and balances.

Best Practices:

- i. Compare receipts to deposit records
- ii. Recording of cash receipts when received
- iii. Count and balance cash receipts daily
- iv. Perform periodic surprise cash counts by the audit committee

Aside from the practices above, APCC is also adopting "*Urban Gardening and Agriculture*" within the compound of APCC. In support of the celebration of the International Day of Cooperatives CY 2020 Theme: "Cooperatives for Climate Change Action" push through by the Philippine Cooperative Center and to the local government unit push through a resolution by City Councilor Editha C. Santiago on urban gardening. To join in these activities, APCC started its activity of gardening initially on August 14, 2020, supported by its board members to show cooperation among other cooperatives which will eventually be conducted continuously until the incoming years.





ASA PHILIPPINES CREDIT COOPERATIVE
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Parameter for Determining Cooperatives Implementing BEST PRACTICES

Definition:

A **best practice** is a method or technique that has been generally accepted in the cooperative as minimum acceptable procedures or alternatives because it produces results that are way above those achieved by others;

Best practices could become a standard way of doing things.

Cooperative Norms:

It is understood that the cooperative adheres to the standard norms and requirements as cooperatives which include among others:

- Cooperative principles;
- Cooperative philosophy;
- Cooperative values;
- Legal and ethical standards;
- Business principles (balancing social and economic aspects of an organization);
- Provisions of Articles of Cooperation and By-laws and cooperative laws

Best Practices:

The following are the list of best practices of cooperatives to which cooperatives may implement/adopt:

1. Governance and Management

COOPERATIVE BEST PRACTICES	PARAMETERS/DESCRIPTION	YES	NO	REMARKS
Institutionalized cooperative policies	Periodic review and revisiting of existing policies; Cluster policies into specific concerns (organizational; operational; administrative) - Organizational - membership; structure; human resource - Operational - business undertaking - Administrative - systems and procedures	✓		
Formulated and Implemented comprehensive plans for cooperative	Development Plan (annual and medium term) - Education and training plan - Social and Community Development Plan - Gender and Development Plan - Business Development Plan			

	- Business Continuity Plan			
Formulated and Implemented comprehensive plans for members	Development Plan (annual and medium term) - Members Development Plan (human and enterprise development)			
Institutionalized programs for human resource development	<p>Programs and policies are established, covering the cooperative officers, members and staff;</p> <p>Duties and responsibilities, and job description are well-defined and applied;</p> <ul style="list-style-type: none"> • Officers • Members • Management and Staff <p>Members development program is established:</p> <ul style="list-style-type: none"> • Adopt member evaluation system; • Periodic updating of members on cooperative operation; • Members' benefits program; • conduct of financial counselling and other related activities that will provide venue for interaction with members <p>Cooperative Officers Development Program:</p> <ul style="list-style-type: none"> • Performance review and evaluation • Development and implementation of succession plan; • Observance of Code of Governance and Ethical Standards; <p>Management Staff Development Program:</p> <ul style="list-style-type: none"> • Performance review and evaluation; • Compliance with labor standards • Development and implementation of succession plan • Incentives and awards system 			
Has continuous education and training for cooperative officers, members and staff	<ul style="list-style-type: none"> • Presence and implementation of education and training plans and programs; • Periodic evaluation of the education and training results 			
Observed strict Compliance with the cooperative	Submission of reportorial and other legal requirements on time to:			

reportorial and other legal requirements	<ul style="list-style-type: none"> Cooperative Development Authority (CDA) Other regulatory agencies (BIR, DOLE, etc.) Local government units <p>Issued Certificate of Compliance, Certificate of Tax Exemption, business permit and other similar certifications</p>	✓		
Institutionalized feedback mechanisms	<ul style="list-style-type: none"> Suitable feedback mechanisms are established; Feedbacks are processed, evaluated and addressed; 			
With established linkages and partnership with other cooperatives and various partners for business and non-business collaboration	<ul style="list-style-type: none"> Affiliation with cooperative federations and/or unions; Participation in the existing Cooperative Development Councils; Accreditation with the NGAs, LGUs and other organizations; Forging of collaborative agreements with partners on specific concerns with Board approval, whether local, national or international (business or non-business). 	✓	✓	✓
Institutionalized internal control system	<ul style="list-style-type: none"> Presence of Codified Approving and Signing Authority (CASA); Observe internal control practices/procedures; Presence of accounting and internal control policy; 	✓	✓	
Institutionalized annual audit	Annual audit of books of accounts by an external auditor or as the case maybe, by an audit committee			
Implemented Continuous capital-build up scheme	Policies and programs on capital build-up/generation, particularly those provided in the bylaws, are implemented	✓		
Institutionalized awards and recognition program for cooperative	<p>Awards and recognition among the following are implemented:</p> <ul style="list-style-type: none"> officers members staff 			

officers, members and staff				
Optimized participation of members in the cooperative affairs	<p>Participation of members in the following activities are implemented:</p> <ul style="list-style-type: none"> In the decision making process In the cooperative programs and activities <p>Cooperative members have already embraced their duties and responsibilities which can be seen in the following:</p> <ul style="list-style-type: none"> At least 75% of the regular members Fulfilled the obligations (financial and social) At least 50% of the members are determined with voting rights At least 50% of the members entitled to vote has attended the GA At least 50% of the Associate members are attending the GA 			
Implemented Transparency in dealings/transacting with members and other stakeholders	<ul style="list-style-type: none"> Posting of AFS and Monthly Financial Statement Posting/Accessibility to policies, minutes of meetings Availability to inspect records and all other documents pertaining to the business transactions of the cooperative 			
Implemented efficient management of resources (human and financial)	<ul style="list-style-type: none"> Achieve expected outcome at a minimal cost, time and other resources Promotes employees productivity in workplace 	✓		
Others, specify				

2. Business Management

COOPERATIVE BEST PRACTICES	PARAMETERS/DESCRIPTION	YES	NO	REMARKS
Established an applicable and working Accounting system	<ul style="list-style-type: none"> Recording of business transactions duly supported with appropriate documents are updated; Generates financial statements; 	✓		

	<ul style="list-style-type: none"> Posting of subsidiary ledgers regularly; For multipurpose cooperative, segregated books of accounts per line of business are available 			
Undertaken business activities responsive to members' needs and aspirations	<ul style="list-style-type: none"> At least 80% of members Patronized the products/ services/ business activities of the cooperative; Business activities of the cooperative complement the business requirement of the members; 	✓		
Has Business Continuity Plan	Business continuity plan are developed and implemented;			
Assessed regularly the business operation vis-a-vis cooperative standards	<ul style="list-style-type: none"> Employs/utilizes cooperatives and business standards to assess the business operation of the cooperative and apply applicable/ appropriate action Results of financial standard are utilized for decision making 	✓		
Provided Assistance in improving the life of members	<ul style="list-style-type: none"> Members' products are improved through transfer of skills and knowledge on packaging, marketing and promotion; Cooperative complements members' business and products through credit facilities, marketing of products, joint venture agreements (JVA), linking and others; Parallel growth of the cooperatives and its members are registered; Measures to stimulate internally-generated capital are adopted; 			
Promoted/ implemented value chain in the products of the cooperatives and of the members	<ul style="list-style-type: none"> Implements value chain for products Promotes among its members the practice of value chain in their produce 	✓		
Others, please specify				

3. Social Responsibility

COOPERATIVE BEST PRACTICES	PARAMETERS/DESCRIPTION	YES	NO	REMARKS
Institutionalized community	<ul style="list-style-type: none"> Programs and activities for the community, based on the approved social plan of the cooperative which 			

development programs	<p>may cover the following are implemented:</p> <ul style="list-style-type: none"> - Social protection - Health and sanitation - Peace, order and security <ul style="list-style-type: none"> • Full Utilization of Community Development Fund (CDF) to where it is intended for with proper documentation; • Assistance in the development of micro and small cooperatives (for medium and large cooperatives) are provided; • Contributes to environmental protection and disaster preparedness of the community as evidenced by proper documentation 	✓		
Participated in the Local Planning bodies	<ul style="list-style-type: none"> • Accredited by the LGU • Participates actively in the consultation related to local planning initiated by the LGUs; 	✓		
Others, specify	•			