



COOPERATIVE DEVELOPMENT AUTHORITY

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MEMORANDUM CIRCULAR 2022- 19
Series of 2022.

SUBJECT : GUIDELINES PRESCRIBING THE REQUIREMENTS FOR THE ISSUANCE OF A CERTIFICATE OF COMPLIANCE (COC) AND THE GROUNDS FOR THE NON-ISSUANCE, SUSPENSION AND REVOCATION

Pursuant to the rule-making power of the Authority under RA 11364, otherwise known as the Cooperative Development Authority Charter of 2019, the following Guidelines are hereby issued:

SECTION 1. TITLE

This Guidelines shall be known as the **“New Guidelines Governing the Issuance of a Certificate of Compliance (COC).”**

SECTION 2. LEGAL BASES

Article 53 of RA 9520; Rule 8 of the Revised IRR, Section 4(a), (g) and (h) of RA11364, DOF-CDA-BIR Joint Administrative Order 1-2019 and Sections 1 to 3, Rule 27 of RA 10744, including any amendments thereto.

SECTION 3. SCOPE

This Guidelines shall cover all cooperatives registered with the Authority.

SECTION 4. OBJECTIVES

1. To prescribe the requirements for the issuance of a Certificates of Compliance (COC) and
2. To specify the grounds for the non-issuance, suspension or revocation of COC.

SECTION 5. DEFINITION OF TERMS

As used in this Guidelines, the following terms shall be construed to mean:

1. **Authority** - refers to the Cooperative Development Authority.
2. **Calendar Year** - refers to the one (1) year period that begins on January 1 and ends on December 31.

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(02) 8721-5324
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3. **Certificate of Compliance (COC)**- refers to the certificate issued to the cooperative after complying with the rules and regulations being implemented by the Authority.
4. **Fiscal Year**- refers to the operating cycle of business operations and activities of a cooperative, covering a twelve (12) month period as provided in the by-laws of the cooperative. Calendar year may be adopted as the fiscal year.
5. **Legitimate Purpose**- refers to any purpose that is not contrary to law, morals, good customs, public order or public policy.
6. **Newly Registered Cooperative**- refers to a cooperative with less than one (1) year of operation from the date of registration.
7. **Suspension** -refers to temporarily invalidating the issued COC of the cooperative.
8. **Revocation** - refers to the official cancellation of the issued COC.

SECTION 6. PURPOSES OF A CERTIFICATE OF COMPLIANCE (COC)

A COC shall be issued for any of the following purposes:

1. To affirm the cooperative's adherence to the purposes stipulated in its Articles of Cooperation and By-laws for which it is organized and registered;
2. To affirm the cooperative's compliance with the submission of required reports as prescribed by the Authority;
3. To secure a Certificate of Tax Exemption (CTE) and to avail incentives and privileges set forth under Articles 60 and 61 of RA 9520, other related laws and issuances of government Agencies;
4. To avail of local tax exemption privileges and secure permits and licenses prescribed under the provisions of the RA7160 or Local Government Code of 1991 and subsequent amendments thereto;
5. To comply with the requirements for accreditation as CDA training provider; and;
6. Such other legitimate purposes it may serve.

SECTION 7. REQUIREMENTS FOR THE ISSUANCE OF CERTIFICATE OF COMPLIANCE

The following are the requirements for the issuance of a COC:

7.1 For Micro Cooperatives

1. Cooperative Annual Progress Report (CAPR) with the following attachments:
 - a. Financial Statements audited by a CDA-accredited external auditor;
 - b. List of Officers and Mandatory Training Undertaken/ Completed;
 - c. Social Audit Report including its program of activities pursuant to its socio-civic goals;
 - d. Performance Audit Report and
 - e. Semi-annual Report on Mediation and Conciliation .
2. Annual Tax Incentive Report for cooperatives issued with CTE only
3. Certificate of Compliance (COC) fee of P100.00

7.2 For Small, Medium and Large Cooperatives

1. Cooperative Annual Progress Report (CAPR) with the following attachments:
 - a. Financial Statements audited by a CDA-accredited external auditor;
 - b. List of Officers and Mandatory Trainings Undertaken/ Completed
 - c. Social Audit Report including its program of activities pursuant to its socio-civic goals;
 - d. Performance Audit Report and
 - e. Semi-annual Report on Mediation and Conciliation
2. Annual Tax Incentive Report for cooperatives issued with CTE only
3. Certificate of Compliance (COC) fee of P100.00

7.3 For Secondary, Tertiary and Union of Cooperatives

7.3.1 For Secondary (Federations) and Tertiary Cooperatives

1. Cooperative Annual Progress Report (CAPR) with the following attachments:
 - a. Financial Statements audited by a CDA- accredited external auditor;
 - b. List of Officers and Mandatory Trainings Undertaken/ Completed;
 - c. Social Audit Report including its program of activities pursuant to its socio-civic goals;
 - d. Performance Audit Report;
 - e. Semi-annual Report on Mediation and Conciliation;

2. Annual Tax Incentive Report for cooperatives issued with CTE
3. Certificate of Compliance (COC) fee of P100.00

7.3.2 For Union of Cooperatives

1. Cooperative Annual Progress Report (CAPR) with the following attachments:
 - a. Financial Statements audited by a CDA- accredited external auditor ;
 - b. List of Officers and Mandatory Trainings Undertaken/ Completed;
 - c. Social Audit Report including its program of activities pursuant to its socio-civic goals;
 - d. Performance Audit Report;
 - e. Semi-annual Report on Mediation and Conciliation;
2. Annual Tax Incentive Report for cooperatives issued with CTE only
3. Certificate of Compliance (COC) fee of P100.00

7.4 For Newly Registered Cooperatives

For newly registered cooperatives, the initial COC shall be automatically issued together with the Certificate of Registration.

For the immediately succeeding year, these cooperatives shall be required to submit the following:

1. Cooperative Annual Progress Report (CAPR) with the following attachments:
 - a. Financial Status Reports signed by the Audit Committee and the Chairman of the Cooperative composed of the following:
 - Statement of Financial Condition (Annex A)
 - Statement of Operation (Annex B)
2. Annual Tax Incentive Report for cooperatives issued with CTE only
3. Certificate of Compliance (COC) fee of P100.00

SECTION 8. SUBMISSION OF THE REQUIRED REPORTS BY THE COOPERATIVES USING FISCAL YEAR OTHER THAN THE CALENDAR YEAR

All cooperatives whose fiscal year ends on a date other than December 31 as stated in their By-Laws shall submit the required reports within 120 calendar days from the end of the Calendar Year.

With regards to the Audited Financial Statement (AFS) requirement, the cooperative shall submit the latest AFS as of the reporting year.

SECTION 9. ONLINE SUBMISSION OF REQUIRED REPORTS

The requirements enumerated in Section 7 shall be submitted online through the Cooperative Assessment Information System (CAIS). After a successful submission, an acknowledgment receipt shall be generated by the system.

SECTION 10. SUBMISSION OF DOCUMENTS TO THE AUTHORITY

The system-generated acknowledgement receipt and the hard copies of the Audited Financial Statements shall be submitted to the Authority. It shall be submitted either personally or through courier to the CDA Extension Office having jurisdiction over the principal office of the cooperative not later than April 30. In case of Credit Surety Fund (CSF) Cooperative, Cooperative Banks and Insurance Cooperatives, it shall be submitted to the CDA Head Office.

Except for newly registered cooperatives, the Audited Financial Statements shall consist of the following:

1. Statement of Financial Condition
2. Statement of Operation
3. Statement of Changes in Equity, Statutory Funds, and Donations and Grant
4. Statement of Cash Flows
5. Notes to Financial Statements
6. Statement of Management Responsibility signed by the Chairman and Treasurer.
7. Auditor's Report/Opinion
8. Statement of Representation

SECTION 11. REPORTS WITH DEFICIENCY

All reports shall be subject to evaluation of the Authority. If there are findings, a Notice of Deficiency shall be sent to the cooperative's official email address for Correction/compliance.

The cooperative shall comply with the findings within fifteen (15) calendar days from the issuance of the notice. Non-compliance within the said period shall mean non-submission of required reports and the monetary penalty of One Hundred Pesos (Php100.00) per day of delay shall be imposed after the lapse of the 15 day- period.

SECTION 12. RELEASE OF COC

Upon receipt of the documents and certification fee, the Authority shall release the COC in either of the following manner:

1. Personally, through the CDA Head Office or Extension Office; or
2. Through registered mail or courier services

The issuance and release of the COC shall be made not later than December 31 of the current year.

SECTION 13. COVERAGE AND VALIDITY OF COC

The COC hereby issued shall cover the operations of the cooperative for the year immediately preceding the reporting period and shall be valid and effective until April 30 of the succeeding year unless suspended or revoked for cause.

SECTION 14. TREATMENT ON THE LATE SUBMISSION OF THE REQUIRED REPORTS BY THE COOPERATIVES

Cooperatives which did not submit reports or comply with the Notice of Deficiency in the prior year/s are still required to submit and pay the corresponding penalties. However, the COC covering those years shall no longer be issued.

SECTION 15. GROUNDS FOR NON-ISSUANCE OF A CERTIFICATE OF COMPLIANCE

Any of the following shall be a ground for the non-issuance of a COC:

1. Non-submission of the required reports;
2. Any discrepancies between the documents submitted online and the submitted original copies of the Audited Financial Statements.
3. Non-payment of monetary penalties for late or non-submission of required reports except micro cooperatives;
4. Non-settlement of the monetary and non-monetary obligations to the Authority, such as but not limited to unliquidated grants/loans unless an arrangement on the settlement has been made/approved;
5. Willful failure to comply with the mandatory trainings for officers;
6. The cooperative has two or more sets of Board of Directors claiming to be the legitimate officers of the cooperative and the dispute becomes the subject of a verified complaint filed with the Authority;
7. The cooperative has been issued with a Show Cause Order (SCO);
8. The cooperative is undergoing dissolution proceedings;

9. The cooperative has been issued with Cease and Desist Order (CDO) to refrain from engaging in a particular activity;
10. The previous COC has been suspended or revoked and the grounds/s for such suspension or revocation has not been complied with.

The Authority shall notify the cooperative in writing specifying therein the ground/s for the non-issuance.

SECTION 16. GROUNDS FOR SUSPENSION OF THE CERTIFICATE OF COMPLIANCE

Any of the following shall be a ground for the suspension of a COC:

1. The cooperative has two or more sets of Board of Directors claiming to be the legitimate officers of the cooperative and the dispute becomes the subject of a verified complaint filed with the Authority and competent court;
2. The cooperative has been issued with an order or directive to comply with the examination or investigation findings or other directives.;
3. The cooperative has been issued with a Show Cause Order (SCO);
4. The cooperative has been issued with Cease and Desist Order (CDO) to refrain from engaging in a particular activity;
5. The cooperative has not complied with the undertaking/arrangement on the settlement of monetary and non-monetary obligations to the Authority as referred in Nos. 3 and 4 of Section 15 hereof.

SECTION 17. PROCEDURES IN THE SUSPENSION OF A CERTIFICATE OF COMPLIANCE

The following are the procedures in the suspension of a COC:

1. The Authority shall issue Order of Suspension of the issued COC stating therein the ground/s of suspension;
2. A public notification shall be posted in the CDA website and other CDA official social media sites; and
3. A copy of the Order of Suspension shall be furnished to other concerned government agencies, financial institutions and other entities.

SECTION 18. LIFTING OF THE ORDER OF SUSPENSION

The Order of Suspension shall be lifted upon finding by the Authority that the ground/s for the suspension of COC no longer exist or have already been complied with. Once lifted, the COC shall be issued.

SECTION 19. GROUNDS FOR REVOCATION OF A CERTIFICATE OF COMPLIANCE

The following are the grounds for revocation of the COC:

1. The cooperative was issued an Order of Dissolution; or
2. The cooperative was dissolved by order of a competent court.

The revocation of the COC shall be included in the Order of Dissolution.

SECTION 20. EFFECTS OF SUSPENSION/REVOCATION OF COC

During the period for which the COC is suspended/revoked, the cooperative shall be deemed ineligible to avail of the privileges, benefits or programs and projects accorded to them.

Likewise, the officers of the cooperative are barred from continuing as officers of the secondary cooperative or other cooperative organizations where the cooperative is affiliated or a member until the lifting of the order, in case of suspension.

SECTION 21. WAIVER OF COMPLIANCE WITH THE REQUIRED REPORTS

The submission of the reports may be waived in case of total destruction/loss of records and reports due to *force majeure* or fortuitous events subject to the following requirements:

1. Certification issued by the Local Government Unit (LGU) or Barangay or through their respective local Disaster Risk Reduction Management Council (DRRMC) where the principal office of the cooperative is located stating the occurrence of such force majeure or fortuitous event;
2. Letter of application for relief in the submission of regulatory requirements signed by the Chairperson and/or the General Manager of the cooperative;
3. Damage Assessment Report

The concerned Extension Office shall evaluate the submitted requirements and shall endorse it to the CDA Board of Directors for approval. Once approved, the COC shall be

issued to the cooperative unless there is a ground for its non-issuance other than the non-submission of required reports.

SECTION 22. REPEALING CLAUSE

This Guidelines repeals Memorandum Circular No. 2016-07, dated October 18, 2016, MC2019-04, dated January 22, 2019, and other related issuances which are inconsistent herewith.

SECTION 23. INFORMATION DISSEMINATION

All Extension Offices of the Authority shall cause the information dissemination of this Guidelines.

SECTION 24. EFFECTIVITY

This Memorandum Circular shall take effect on January 1, 2023 with the required publication in the Official Gazette and filing of the copy with the Office of the National Administrative Register (ONAR).

Approved pursuant to Board Resolution No. 428 Series of 2022 dated June 8, 2022.

Issued this 12th day of July 2022.

For the Board of Directors


USEC. JOSEPH B. ENCABO

FINANCIAL STATUS REPORT

NAME OF COOPERATIVE : _____
 ADDRESS: _____
 REGISTRATION NO. _____
 TIN _____
 CONTACT NUMBER _____
 EMAIL ADDRESS _____

STATEMENT OF FINANCIAL CONDITION

For the _____ months ending, _____, _____

ASSETS	
Cash	
Loans Receivable	
Accounts Receivable	
Investments	
Inventories	
Prepayments	
Properties and Equipment	
Intangible Assets	
Other Assets	
TOTAL ASSETS	

LIABILITIES AND MEMBERS' EQUITY	
Current Liabilities	
Long Term Liabilities	
Other Liabilities	
TOTAL LIABILITIES	
Paid-up Capital	
Donations and Grants	
Statutory Funds	
Undivided Net Surplus	
TOTAL MEMBERS' EQUITY	
TOTAL LIABILITIES AND MEMBERS' EQUITY	

Audited by:

Approved by

 Audit Committee

 Chairman

FINANCIAL STATUS REPORT

NAME OF COOPERATIVE : _____
ADDRESS: _____
REGISTRATION NO. _____
TIN _____
CONTACT NUMBER _____
EMAIL ADDRESS _____

STATEMENT OF OPERATION

For the _____ months ending, _____, _____

Gross Revenues	
Sales of Goods	
Sales of Services	
Income from Credit Operations	
Total Revenues	
Cost of Sales/Services	
Cost of Sales	
Cost of Services	
Total Cost of Sales/Services	
Gross Revenues	
Less Expenses	
Finance Cost	
Administrative Coste	
Total Expenses	
Net Surplus/(Loss)	
Allocation for:	
Reserve Fund	
Optional Fund	
CETF	
Community Development Fund	

Audited by:

Audit Committee

Approved by

Chairman