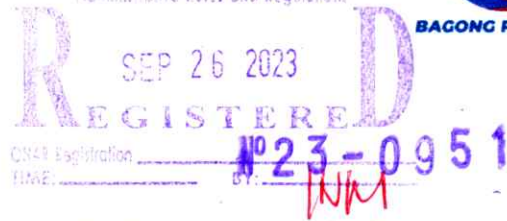




COOPERATIVE DEVELOPMENT AUTHORITY

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H.P. LAW CENTER
REGIONAL ADMINISTRATIVE REGISTER
Administrative Rules and Regulations



MEMORANDUM CIRCULAR No. 2023- 16 Series of 2023

TO : ALL CDA REGIONAL EXTENSION OFFICES AND ALL CONCERNED

SUBJECT : COMPENDIUM OF PENALTIES PURSUANT TO THE OMNIBUS RULES OF PROCEDURE AND MEMORANDUM CIRCULARS (SALIENT PROVISIONS) ISSUED BY THE COOPERATIVE DEVELOPMENT AUTHORITY

Section 1. TITLE. This shall be known as the “*Compendium of Penalties Pursuant to the Omnibus Rules of Procedure and Memorandum Circulars (Salient Provisions) issued by the Cooperative Development Authority*”.

Section 2. BACKGROUND.

The CDA formulated its own Omnibus Rules of Procedure for the rationalization of appropriate regulations, standards, orders, and guidelines consistent with R.A 9520 and R.A 11364 to serve as clear-cut guidelines in relation to its powers and mandate, including, among others, the proper receiving, handling, and resolution of complaints, as well as the efficient adjudication of cases. The Rules, among others, mandates that the CDA Regional Offices shall have original jurisdiction over cases involving violations of RA No. 11364, RA No. 9520, RA No. 10744, and their respective Implementing Rules and Regulations, and other Issuances.

The exercise of the CDA’s quasi-judicial power pursuant to Republic Act 11364 and the Rules, which became effective on December 17, 2022 after fifteen (15) days following its publication in the BusinessWorld (newspaper of general circulation), under the Legal Affairs Service (LAS) through the Adjudication Division, is one of the remedies that may be availed of in the resolution of cases as provided under Rule VI of the said Rules. This in effect modifies the Articles of Cooperation and By-Laws of the cooperatives with respect to the exclusivity of voluntary arbitration as an alternative mode of dispute resolution. Accordingly, after a failure to amicably settle the dispute, the complainant or aggrieved party may file a complaint for voluntary arbitration or adjudication.

Pursuant to Rule VII (Administrative/Disciplinary Procedure) of the CDA Omnibus Rules of Procedure and Memorandum Circulars establishing penalties for acts or omissions as specified, the imposition of specific penalties which are not penal in nature and uncovered for by previous issuances in relation to violations committed by cooperatives, their officers, or members, shall be addressed with reference to this compendium.

Section 3. PURPOSE.

To guide all concerned including the cooperatives, its officers, and members as to the existing and appropriate penalties in the adjudication of cases, as provided by the Omnibus Rules of Procedure and Memorandum Circulars of the CDA.

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Section 4. LEGAL BASIS.

This Memorandum Circular is being issued as a guide/reference pursuant to the hereunder legal basis:

1. RA 11364 or the Cooperative Development Authority Charter of 2019

Section 4 (a) *Develop and formulate, xxx xxx xxx, appropriate regulations, standards, rules, orders, guidelines and/or circulars to implement this Act and Republic Act No. 9520 to ensure the effective and sound operation of cooperatives.*

Section 5. SCOPE AND COVERAGE.

This Memorandum Circular provides the Compendium of Penalties as provided under the Omnibus Rules of Procedure, Memorandum Circulars, and related issuances by the CDA. It shall apply to all cooperatives, regardless of size and category, its officers, and its members.

Section 6. COMPENDIUM OF PENALTIES

For reference of all concerned, please see the attached compendium of penalties¹.

Section 7. TRANSITORY PROVISION.

This Memorandum Circular merely provides the Compendium of Penalties. It shall not however be construed as renewal of the effectivity of the Omnibus Rules and each Memorandum Circulars enumerated in the Compendium which have already been effective on the date after compliance with the publication.

Section 8. EFFECTIVITY.

This Memorandum Circular which provides the Compendium of Penalties shall be used as official reference of all concerned after fifteen (15) days from approval of the CDA Board of Directors and filing with the Office of National Administrative Register (ONAR).

Approved by the CDA Board of Directors pursuant to Res. No. 587, S-2023 dated August 09, 2023.

For the CDA Board of Directors

By:

USEC. JOSEPH B. ENCABO
Chairman 

¹ Annex A – “Compendium of Penalties”

**COMPENDIUM OF PENALTIES RELATIVE TO THE ADJUDICATION OF CASES
(CDA OMNIBUS RULES OF PROCEDURE AND MEMORANDUM CIRCULARS ISSUED FROM 2009-2022,
EXCLUDING REPEALED ISSUANCES AND THOSE PENAL IN NATURE)**

I. APPLICABLE TO ALL COOPERATIVES, ITS OFFICERS AND/OR MEMBERS

A. THE CDA OMNIBUS RULES OF PROCEDURE

SUBJECT	SPECIFIC VIOLATION	PENALTIES	LEGAL BASIS	CONCERNED UNIT
Administrative/ Disciplinary Proceedings	<p>ONLY GRAVE OFFENSES (as defined under Article VI of Rule VII thereof):</p> <ol style="list-style-type: none"> 1. Serious Dishonesty; 2. Grave misconduct; 3. Conviction of a crime involving moral turpitude; 4. Falsification or tampering of documents; 5. Disgraceful and immoral conduct; 6. Inefficiency and incompetence in the performance of duties; 7. Willfully and knowingly assent or vote to patently unlawful act; 	<ol style="list-style-type: none"> 1. Removal from Office 2. Disabilities/Accessories inherent in the removal of officers: <ol style="list-style-type: none"> a. Disqualification for reinstatement or reemployment in any cooperative; b. Disqualification to run as a candidate for a Board of Director position in any cooperative for a period of five years. A second offense shall result in perpetual disqualification for any position as officer of any cooperative; c. Forfeiture of retirement benefits, if applicable. 	<p>Rule VII of the CDA Omnibus Rules of Procedure</p>	<p>Adjudication Division</p>

	<p>8. Gross negligence or bad faith in directing the affairs of the cooperative;</p> <p>9. Attempts to acquire or acquire in violation of his duty, any interest or equity adverse to the cooperative in respect to any matter which has been reposed in him in confidence;</p> <p>10. By virtue of his office, acquires for himself an opportunity which should belong to the cooperative; and</p> <p>11. Illegal use of confidential information.</p>			
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B. MEMORANDUM CIRCULARS AND OTHER ISSUANCES OF THE AUTHORITY

SUBJECT	SPECIFIC VIOLATION	PENALTIES	LEGAL BASIS	CONCERNED/ MONITORING UNIT
<p align="center">FINANCIAL STATEMENT</p>	<p>Section 5. Period of Submission</p> <p>The CSF Cooperative shall submit the Audited Financial Statements referred to in Section 3 within 90 days after registration. For existing CSF Cooperatives, they shall submit the Audited Financial Statements within 90 days after effectivity of this Circular.</p>	<p>Section 6. Sanctions. Failure or non-compliance with any of the above guidelines may be a ground for the Non-issuance of Certificate of Compliance.</p>	<p align="center">MC 2022-31 or ACCOUNTING GUIDELINES FOR CSF COOPERATIVES ORGANIZED BY BANGKO SENTRAL NG PILIPINAS (BSP) PRIOR TO THE EFFECTIVITY OF REPUBLIC ACT 10744 OTHERWISE KNOWN AS THE “CREDIT SURETY FUND ACT OF 2015”</p>	<p align="center">CREDIT SURETY FUND SERVICE</p>

	<p style="text-align: center;">FINANCIAL STATEMENTS PRESENTATION</p> <p>Section 3. Compliance with the Framework for Cooperatives</p> <p>A cooperative whose financial statements comply with the Philippine Financial Reporting Framework for Cooperatives shall make an explicit and unreserved statement of such compliance in the notes. Financial statements shall not be described as complying with the Philippine Financial Reporting Framework for Cooperatives unless they comply with all the requirements of this framework.</p> <p>Section 4. Going Concern</p> <p>When preparing financial statements, the management of a cooperative using this framework shall make an assessment of the cooperative's ability to continue as a going concern.</p>	<p style="text-align: center;">Section 2 of Chapter XXVIII</p> <p>Cooperatives which failed to comply with this Circular shall be subject to the following sanctions after compliance with due process of law:</p> <p>First non-compliance – written warning;</p> <p>Second non-compliance – no COC shall be issued</p> <p>Third non-compliance – revocation of COR</p>	<p style="text-align: center;">MC 2022-25 or the AMENDED PHILIPPINE FINANCIAL REPORTING FRAMEWORK FOR COOPERATIVES</p>	
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	<p>A cooperative is a going concern unless management either intends to liquidate the cooperative or to cease operations, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to twelve months from the reporting date.</p> <p>When management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the cooperative's ability to continue as a going concern, the cooperative shall disclose those uncertainties. When a cooperative does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the reason why the cooperative is not regarded as a going concern.</p>			
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**STATEMENT OF FINANCIAL
CONDITION**

Section 1. Scope

This section sets out the information that is to be presented in a statement of financial condition and how to present it. The statement of financial condition presents a cooperative's assets, liabilities and equity as of a specific date—the end of the reporting period.

**STATEMENT OF
OPERATIONS**

Section 1. Scope

This Chapter requires a cooperative to present its financial performance for the period. It sets out the information that is to be presented in the statement and how to present it.

<p>FINANCIAL ASSISTANCE</p>	<p>Section 9. PROHIBITIONS</p> <p>No portion of the funds granted to cooperatives shall be used for any of the following:</p> <ol style="list-style-type: none"> 1. Money market placement, time deposit, or other forms of investment; 2. Cash advance of any official of the cooperative unless related to the implementation of the project; 3. Payment of salaries, honoraria or any form of allowances of the personnel of the Cooperative; 4. Acquisition of assets of the cooperative unless necessary for the implementation of the project and specifically stated in the MOA; 5. Any other purpose other than the original purpose stated in the MOA. 	<p>Section 10. SANCTIONS.</p> <p>The following sanctions may be imposed for any violation of the provisions of this Guideline and the MOA:</p> <ol style="list-style-type: none"> 1. Demand the refund of unused funds or savings after project completion as well as disallowed amounts after financial audits; 2. Initiate appropriate actions against the cooperative for material violations of the provisions of the MOA; 3. Reserves the right to initiate civil, criminal actions against any Director, Officer, or employee of the cooperative for any violation of any provision of the MOA. 	<p>MC 2022-29 – GUIDELINES ON THE RELEASE OF FINANCIAL ASSISTANCE/ GRANT TO COCONUT FARMER COOPERATIVES IN THE IMPLEMENTATION OF COCONUT FARMERS AND INDUSTRY DEVELOPMENT PLAN (CFIDP)</p>	<p>Cooperative Project Development and Assistance Division (CPDAD)</p>
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	<p>Section 3. Financial Statements</p> <p>A complete set of financial statements shall consist of the following:</p> <p>A. Statement of Financial Condition (Balance Sheet)</p> <ul style="list-style-type: none"> - presents a cooperative's assets, liabilities and equity as of a specific date—the end of the reporting period. Assets and liabilities are further classified as current or non-current. <p>B. Statement of Operations (Income Statement)</p> <ul style="list-style-type: none"> - presents its financial performance for the period. It includes revenues, costs and expenses, gains and losses and net surplus or net loss. Expenses are classified according to their function as part of cost of sales/services rendered, distribution or administrative activities. In a cooperative, the difference 	<p>Section 8. Sanctions</p> <p>Cooperatives which fail to comply with this Circular shall be subject to the following sanctions:</p> <ul style="list-style-type: none"> • First non-compliance, the Authority shall issue warning to concerned cooperatives; • Second non-compliance, Certificate of Compliance shall not be issued by the Authority; • Third non-compliance, the Certificate of Registration of cooperative shall be cancelled after compliance with due process of law. <p>Failure of the Accredited Cooperative External Auditor to render qualified opinion in case the Audited Financial Statements do not conform with this standard shall be a ground for non-renewal of his/her accreditation.</p>	<p>MC 2022-24 Revised Standard Chart of Accounts for Cooperatives</p>	<p>Registration, Supervision, and Examination Service (RSES)</p>
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between revenues and expenses is called net surplus which is allocated in accordance with the Cooperative Code or the cooperative's by-laws.

C. Statement of Changes in Equity

- presents the amounts of investments and withdrawals by members, additions, provisions and utilization of statutory funds, movement in donations and grants, and revaluation surplus, if any, during the period.

D. Cash Flows Statement

- provides information about the changes in cash and cash equivalents of a cooperative for a reporting period, showing separately changes from operating activities, investing activities and financing activities

E. Notes to Financial Statements

- provides narrative descriptions or disaggregation of items presented in the above statements and information about items that do not qualify for recognition in those statements. It also describes the accounting policies and the measurement basis/bases used in the preparation of the financial statement.

	<p>Section 9. Prohibitions</p> <p>No portion of the funds granted to cooperatives shall be used for the following:</p> <ul style="list-style-type: none"> a) Money market placement, time deposit or other forms of investment; b) Cash advance of any official of the cooperative unless related to the implementation of the project; c) Payment of salaries, honoraria or any form of allowances of the personnel of the cooperative; d) Acquisition of assets of the cooperative unless necessary for the implementation of the project and specifically stated in the MOA; e) Any other purpose other than the original purpose stated in the MOA. 	<p>Section 10. Sanctions.</p> <p style="text-align: center;">xxx</p> <ul style="list-style-type: none"> (b) Initiate appropriate actions against the cooperative for material violations of the provisions of the MOA. (c) Reserves the right to initiate civil/criminal actions against any Director, Officer, or employee of the cooperative for any violation of any provision of the MOA. 	<p style="text-align: center;">MC 2022-05 – Guidelines on the Release of Financial Assistance/Grant to Micro Cooperatives Affected by Calamities and Disasters</p>	<p style="text-align: center;">CPDAD</p>
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	<p>Section 8. PROHIBITIONS</p> <p>No portion of the funds granted to cooperatives shall be used for the following:</p> <ul style="list-style-type: none"> a) Money market placement, time deposit or other forms of investment; b) Cash advance of any official of the cooperative unless related to the implementation of the project; c) Payment of salaries, honoraria or any form of allowances of the personnel of the Cooperative; d) Acquisition of assets of the cooperative unless necessary for the implementation of the project and specifically stated in the MOA; e) Any other purpose other than the original purpose stated in the MOA. 	<p>Section 9. SANCTIONS.</p> <p>The following sanctions may be imposed for any violation of the provisions of this Guideline and the MOA:</p> <ol style="list-style-type: none"> 1. Demand the refund of unused funds or savings after project completion as well as disallowed amounts after financial audits; 2. Initiate appropriate actions against the cooperative for material violations of the provisions of the MOA; 3. Reserves the right to initiate civil, criminal actions against any Director, Officer, or employee of the cooperative for any violation of any provision of the MOA. 	<p>MC 2022-27 or the GUIDELINES ON THE RELEASE OF FINANCIAL ASSISTANCE/ GRANT IN CONFLICT AFFECTED AREAS OF MARAWI CITY AND LANA O DEL SUR</p>	<p>CPDAD</p>
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	<p>Section 9. Prohibitions</p> <p>No portion of the funds granted to cooperatives shall be used for any of the following:</p> <ol style="list-style-type: none"> 1. Money market placement, time deposit or other forms of investment; 2. Cash advance of any official of the cooperative unless related to the implementation of the project; 3. Payment of salaries, honoraria or any form of allowances of the personnel of the cooperative; 4. Acquisition of assets of the cooperative unless necessary for the implementation of the project and specifically stated in the MOA; 5. Any other purpose other than the original purpose stated in the MOA. 	<p>Section 10. Sanctions</p> <p>The following sanctions may be imposed for any violation of the provisions of this Guideline and the MOA:</p> <ol style="list-style-type: none"> 1. Demand the refund of unused funds or savings after project completion as well as disallowed amounts after financial audits; 2. Initiate appropriate actions against the cooperative for material violations of the provisions of the MOA; 3. Reserves the right to initiate civil/criminal actions against any Director, Officer, or employee of the cooperative for any violation of any provision of the MOA. 	<p>MC 2022-12 – Guidelines on the Release of Financial Assistance/Grant to Micro and Small Coops for Recovery and Alleviation</p>	<p>CPDAD</p>
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<p>CERTIFICATE OF COMPLIANCE</p>	<p>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:</p> <ol style="list-style-type: none"> 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; 	<p>Section 15. xx NON-ISSUANCE OF A CERTIFICATE OF COMPLIANCE</p> <p>Section 16. XX SUSPENSION OF CERTIFICATE OF COMPLIANCE</p> <p>SECTION 19. XX REVOCATION OF CERTIFICATE OF COMPLIANCE</p> <p>SECTION 20. EFFECTS OF SUSPENSION/REVOCATION OF COC</p> <p>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.</p> <p>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.</p>	<p>MC 2022-19 – GUIDELINES PRESCRIBING THE REQUIREMENTS FOR THE ISSUANCE OF A CERTIFICATE OF COMPLIANCE (COC) AND THE GROUNDS FOR THE NON-ISSUANCE, SUSPENSION AND REVOCATION</p>	<p>RSES – SUPERVISION AND EXAMINATION DIVISION (SED)</p>
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	<ol style="list-style-type: none">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 from a particular activity;10. The previous COC has been suspended or suspended and the ground for such suspension or revocation has not been complied with.			
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The Authority shall notify the cooperative in writing specifying therein the grounds 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 finds or other directives;

3. The cooperative has been issued with a Show Cause Order (SCO);

4. The cooperative has been issued with a Cease and Desist Order (CDO) to refrain from engaging from a particular activity;

5. The cooperative has not complied with the undertaking/arrangement on the settlement of the monetary and non-monetary obligations to the Authority as referred in Nos. 3 and 4 of Section 15 hereof.

**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

	<p>2. The cooperative was dissolved by order of a competent court.</p>			
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	<p style="text-align: center;">Article II REGULATORY RELIEF</p> <p>The following regulatory reliefs may be granted to cooperatives:</p> <ol style="list-style-type: none"> 1. Staggered Booking of Allowance for Probable Losses on Loans (APLL) for cooperatives with credit operations; and 2. The use of the cash equivalent of the Reserve Fund as of December 31, 2021 of not more than 50% of the amount set aside for this fund, shall be applied to all types and categories of cooperatives to cover the 2022 operation. 	<p style="text-align: center;">Art. VIII. Sanctions</p> <p>Failure to comply with the conditions set forth in this Guidelines shall subject the Chairperson and the General Manager/Chief Executive Officers with the following sanctions, after due process:</p> <ol style="list-style-type: none"> 1. Suspension of the accountable officers for a period of ninety (90) days without remuneration; and 2. Disqualification for re-election, in case of the Chairperson 	<p style="text-align: center;">MC 2022-15 – GUIDELINES ON THE REGULATORY RELIEF MEASURES FOR COOPERATIVES IN VIEW OF THE COVID19 PANDEMIC AND OTHER NATURAL CALAMITIES</p> <p style="text-align: center;">(IN REFERENCE TO MC 2020-18)</p>	<p style="text-align: center;">RSES</p>
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<p>LIST OF MEMBERS</p>	<p>Section 8. Submission of TIN of members.</p> <p>Under BIR's Revenue Memorandum Circular 124-2020, only the Tax Identification Numbers (TIN) of active members are required to be submitted. TIN of inactive members need not be submitted.</p> <p>Section 9. Updating of List of Active and Inactive Members</p> <p>The cooperative shall update the list of members upon occurrence of any of the following:</p> <ol style="list-style-type: none"> 1. Additions of new members; 2. Movement of the members' share capital contributions; 3. Change of status from Active to Inactive members or vice versa; and 4. Termination of membership. 	<p>Section 12. Sanction</p> <p>Non-compliance with any of the provisions of this circular maybe a ground for the non-issuance of COC.</p>	<p>MC 2022-14 – Policy Guidelines Requiring Coops to Maintain a List of Active and Inactive members.</p>	<p>RSES - SED</p>
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The inactive status shall be reverted to active status as soon as the member transacts business, patronizes and/or participates with the activities of the cooperative and his/her whereabouts are known.

Accordingly, the cooperative shall require the member to submit his/her TIN, otherwise, authorize the cooperative to secure TIN for him/her.

Section 10. Handling of Inactive Members

The cooperatives shall terminate inactive members, after due process, provided that the enumerated instances under section 6 (B) are included in the grounds for the termination of membership in the cooperative's by-laws and membership policy.

<p>ACCREDITATION</p>	<p>Section 18. Grounds for Cancellation/Revocation of Accreditation Certificates.</p> <p>Accreditation certificates may be cancelled or revoked by the CDA Board of Directors on the following grounds:</p> <ol style="list-style-type: none"> 1. Issuance of false or falsified Certificate of Training/Participation/ Attendance; 2. Failure to provide accurate, complete, and updated information as to the quarterly schedule of its trainings (Training Report 4); 3. Allowing the use of its accreditation certificate by any unauthorized training provider; 4. Allowing a person other than those submitted in the list of trainers to act as trainer or resource person; 	<p>Cancellation/Revocation of Accreditation Certificates.</p>	<p>MC 2022-11 – New Guidelines on the Accreditation and Monitoring of Cooperative Training Providers</p>	<p>INSTITUTIONAL DEVELOPMENT SERVICE (IDS) - CREDIT RESEARCH INFORMATION AND TRAINING DIVISION (CRITD)</p>
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	<p>5. Not following the training curriculum prescribed by the Authority;</p> <p>6. Non-compliance with any of the provisions of this Circular, rules and regulations issued by the Authority and the requirements for accreditation; and</p> <p>7. Other acts analogous to the foregoing.</p> <p>- In accordance with MC 2013-19.</p>			
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<p>LABOR</p>	<p>Section 16. Prohibited Practices and Activities. The following practices and activities are prohibited:</p> <ol style="list-style-type: none"> 1. Contracting the services of another entity/unit/group to manage a contract entered into by the cooperative; 2. Officers transacting business with the cooperative, such as lending and financing, under terms and conditions which are not fair and reasonable under the circumstances; 3. Officers or employees of the principal transacting business with the cooperative under terms and conditions which are not fair and reasonable under the circumstances; 4. Members of an employee cooperative of any institution/entity cannot be deployed to perform the services contracted out by the said institution/entity. 	<p>Section 38. Sanctions. The Authority may, after due notice and hearing, revoke the COC, copy furnished to the concerned government agencies on any violation of this Guidelines. The Authority may, however, proceed with the dissolution proceedings after due notice and hearing.</p>	<p>MC 2022-09 – Guidelines governing the Registration, development, and Regulation of Labor Service Coops and MPC with Labor Service Activities.</p>	<p>RSES</p>
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	<ol style="list-style-type: none">5. A cooperative with an institutional bond of membership engaging into labor service as its business activity.6. Acceptance as well as the terms and conditions of employment of the members-employees are controlled directly or indirectly by the HR of the principal7. Existence of the same key officers and/or employees both in the cooperative and in the principal.8. Transfer or acceptance of a member-employee from one labor service cooperative to another without the knowledge and consent of the concerned member-employee.9. The period of deployment of the member-employee is shorter than the duration,1 of the service contract of the cooperative with the principal.			
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<p>GENERAL/ REPRESENTATIVE ASSEMBLY</p>	<p>Section 14. Roles of Federation or Unions. In cases where a cooperative, who is a member of a federation or union, is compelled to call a General Assembly/Representative Assembly meeting, said federation or union shall be required to participate in order to render assistance and to act as an observer during the conduct of the meeting. In case of multiple membership in a federation or union, each federation or union where the cooperative is a member shall send an authorized representative to attend said General Assembly/Representative Assembly meeting.</p> <p>The roles of the federation or union representatives shall extend only to the following:</p> <p>a. Assist the cooperative in ensuring that the procedure in calling the General Assembly/Representative Assembly meeting is observed;</p>	<p>Section 15. Liability of federation or union representatives. Federation or union representatives, who willfully and knowingly act beyond their roles as herein provided, shall be subject to disciplinary action by the Authority.</p>	<p>MC 2022-07 – Guidelines on the Calling of a General Assembly/ Representative Assembly by the Authority.</p>	<p>RSES</p>
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	<p>b. Witness the conduct of the meeting;</p> <p>c. Provide technical advisory and clarificatory assistance; and</p> <p>d. Assist the election committee in performing its functions in case the meeting involves the conduct of an election.</p>			
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	<p>A. Cooperatives who opt to proceed with their Annual General Assembly Meetings and Election of Officers for the calendar year 2021 must conduct the same not later than September 30, 2021 and must comply with the following rules:</p> <ol style="list-style-type: none"> 1. For cooperatives whose areas of operations are classified under GCQ 2. For cooperatives whose areas of operations are classified under MGCQ: 3. For cooperatives whose areas of operations are classified under either GCQ or MGCQ, <p>B. Cooperatives who opt to cancel their Annual General Assembly Meetings for the calendar year 2021 shall observe the following:</p> <ol style="list-style-type: none"> 1. Submit the following requirements to the CDA Regional Office having jurisdiction over the 	<p>Section VI (1)</p> <p>Any violation of this Circular shall be subject to sanctions provided in CDA MC 2021-03. This is intended to punish officers who violate the provisions of the same, especially on the cancellation of general assembly meetings when the majority of members actually desire otherwise.</p> <p>MC 2021-03</p> <p>D. Sanctions:</p> <p>Failure or non-compliance with any of the above conditions by a cooperative as reported by a member(s) or a third party as well as non-submission of any of the requirements enumerated herein shall be a ground for disqualification to run for re-election for the next two (2) succeeding elections, after due process of law, for the erring member(s) of the Board of Directors and different committees, to any of the positions in the cooperative.</p>	<p>MC 2021-06 - Supplemental Guidelines to MC 2021-03 "Regulatory Relief in the Conduct of General Assembly Meetings for 2021 due to the Covid-19 Pandemic"</p>	<p>RSES</p>
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cooperative not later than June 30, 2021:

- a) Letter signed by the Chairperson and/or the Chief Executive Officer/General Manager of the cooperative, supported by a duly notarized board resolution, requesting for the approval of its decision to cancel the conduct of its annual GA meeting, setting forth the reason(s) for its non-holding;
- b) Proof of due notice to its members on the cancellation of its GA meeting, stating therein the reason(s) therefor, which must be made at least 15 days prior to sending of the letter-request to the Authority for the cancellation of the said activity.

CDA Regional Office shall act on the request within 10 days from receipt, otherwise, the same shall be deemed approved.

2. Cooperatives who were allowed by the CDA Regional Office not to hold their GA meetings shall operate on a re-enacted budget of Cf 2020.

3. Incumbent officers shall serve on a hold-over capacity notwithstanding any provisions on disqualification in their by-laws until the conduct of the next regular GA meeting and election of officers.

	<p>Section 2. General Guidelines</p> <p>Notwithstanding the provisions of their by-laws, cooperatives registered with the Authority shall conduct their Annual Regular General Assembly Meeting, subject to the guidelines stated hereunder:</p> <p>1. Cooperatives shall conduct their Annual Regular General Assembly Meeting and election of officers not later than September 30, 2022, through any of the following means:</p> <p>a) Face-to-face or physical mass gatherings, subject to the guidelines, limitations, and restrictions issued by the Inter-Agency Task Force (IATF) for the Management of Emerging Infectious Diseases;</p> <p>b) Through videoconferencing, applying CDA MC No. 2020-10, S-2020: Provided, however, that the</p>	<p>Section 8. Sanctions</p> <p>Failure of a cooperative to conduct the ARGAM, without justifiable reason, as well as non-compliance to any of the above conditions, as reported by a member or a third party, or non-submission of any of the requirements enumerated herein, shall be a ground for disqualification of the erring member(s) of the Board of Directors and different committees, to run for re-election on the next two (2) succeeding elections; to any position in the cooperative, after due process of law. It may also be a ground for the invalidity of the conducted ARGAM, after due process. Pending the resolution, all decisions made during the General Assembly shall be held in abeyance.</p>	<p>MC 2022-01 – Regulatory relief in the conduct of AGMA Meeting for the CY 2022 due to COVID19 Pandemic</p>	<p>RSES</p>
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cooperative's existing/ available subscription to the videoconferencing platform can accommodate the number of member-attendees, and provided further, that the provisions under item 9.0 of the said MC shall not be applied to primary cooperatives, as the one man, one vote system of voting shall be applied; or

- c) Combination of videoconferencing and physical attendance.

Facebook live may be used as an extension of video conferencing platform, subject to the provision of Section 3 of MC 2021-06.

2. Notwithstanding the provisions of the cooperative's by-laws, meetings may be conducted through any of the following modes:

- a) Simultaneously, wherein the meetings are held on the same day; or

- b) Sequentially, wherein the meetings are held for a certain number of days and adjournment will be done on the last day.

The conduct of sequential general assembly meetings shall not exceed sixty (60) days from the opening of the meeting up to its adjournment.

**Section 6. Postponement/
Rescheduling of Annual
Regular General Assembly
Meetings.**

If after availing the relief, the scheduled ARGAM cannot be conducted due to the issuance of stricter restrictions by the IATF, the cooperative may postpone/reschedule the ARGAM, subject to the submission of the following to the CDA Head/Regional Office via e-mail at least three (3) days prior to the scheduled GA:

- a. Letter signed by the Chairperson and/or the

	<p>Chief Executive Officer/General Manager of the cooperative, supported by a board resolution, informing the Authority of its decision to postpone the conduct of its annual GA meeting due to the restrictions imposed by the Government and stating therein the new date of GA meeting which shall not be later than September 30, 2022;</p> <p>b. Proof of prohibition imposed by the local government unit(s), if applicable.</p> <p>c. Proof of due notice to its members on the postponement/ rescheduling of its ARGAM, stating therein the reason(s) thereof.</p>			
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<p>CANDIDACY IN THE NATIONAL/ LOCAL ELECTIONS</p>	<p>Section 6. Prohibitions. The following shall be prohibited:</p> <ol style="list-style-type: none"> a. It shall be prohibited for the cooperative or any officer of the cooperative to engage in any election campaign or partisan political activity to support any election candidate or party-list organization using the mandatory cooperative funds and other funds of the cooperative. b. The officer on leave shall not be allowed to receive any compensation, per diem, allowances, and honorarium. c. The officer on leave shall not be allowed to represent his/her cooperative in the federation/union of which it is affiliated or in an insurance cooperative or cooperative bank and any other organizations and councils of cooperatives. 	<p>Section 8. Sanction.</p> <ol style="list-style-type: none"> 1. Coop officer who willfully and knowingly assent to or is found to have violated the provisions of this Circular - Disqualification for any position in any cooperative within the next two AGMA and Election of Officers. 2. In case of failure to file leave <ul style="list-style-type: none"> - Refund of all compensation and benefits - Perpetual disqualification to hold any position in the coop 	<p>MC 2022-06 -- Policy on the Candidacy of an Officer of a Cooperative in the National or Local Election</p>	<p>RSES</p>
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	<p>Section 8. Submission of PAR</p> <p>The Performance Audit Report shall be submitted by the cooperative using the CDA online system within 120 days after the end of each calendar year.</p>	<p>Section 9. Sanctions for Non-submission of PAR (Performance Audit Report)</p> <p>A Coop shall be subject to the ff penalties imposed under MC No. 2019-04, 2016-07 and 2015-04 and any amendments thereof:</p> <ol style="list-style-type: none"> 1. Non-issuance of COC and shall be tagged as Non-Compliant Coop; 2. A fine of One Hundred Pesos (Php 100.00) per day of delay. 3. Dissolution/revocation of the COR, after due process. 	<p>MC 2021-04 "Performance Audit Report for Cooperatives"</p>	<p>RSES</p>
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	<p>A. Cooperatives who opt to proceed with their Annual General Assembly Meetings and Election of Officers for the calendar year 2021 must conduct the same not later than September 30, 2021 and must comply with the following rules:</p> <p>For cooperatives whose areas of operations are classified under GCQ</p> <p>For cooperatives whose areas of operations are classified under MGCQ:</p> <p>For cooperatives whose areas of operations are classified under either GCQ or MGCQ,</p> <p>B. Cooperatives who opt to cancel their Annual General Assembly Meetings for the calendar year 2021 shall observe the following:</p> <p>1. Submit the following requirements to the CDA Regional Office having jurisdiction over the</p>	<p>D. Sanctions:</p> <p>Failure or non-compliance with any of the above conditions by a cooperative as reported by a member(s) or a third party as well as non-submission of any of the requirements enumerated herein shall be a ground for disqualification to run for re-election for the next two (2) succeeding elections, after due process of law, for the erring member(s) of the Board of Directors and different committees, to any of the positions in the cooperative.</p>	<p>MC 2021-03 "Regulatory Relief in the Conduct of GA meeting for CY 2021"</p>	<p>RSES</p>
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cooperative not later than June 30, 2021:

- a) Letter signed by the Chairperson and/or the Chief Executive Officer/General Manager of the cooperative, supported by a duly notarized board resolution, requesting for the approval of its decision to cancel the conduct of its annual GA meeting, setting forth the reason(s) for its non-holding;
- b) Proof of due notice to its members on the cancellation of its GA meeting, stating therein the reason(s) therefor, which must be made at least 15 days prior to sending of the letter-request to the Authority for the cancellation of the said activity.

CDA Regional Office shall act on the request within 10 days from receipt, otherwise, the same shall be deemed approved.

2. Cooperatives who were allowed by the CDA Regional Office not to hold their GA meetings shall operate on a re-enacted budget of Cf 2020.

3. Incumbent officers shall serve on a hold-over capacity notwithstanding any provisions on disqualification in their by-laws until the conduct of the next regular GA meeting and election of officers.

D. Sanctions:

Failure or non-compliance with any of the above conditions by a cooperative or a third party as well as non-submission of any of the requirements enumerated

<p>ALLOCATION OF FUNDS</p>	<p>Section 10. Sanctions</p> <p>Any violation of the provisions of this Guidelines shall be subject to the following sanctions, after due notice and hearing</p> <p>Section 5. Allocation for the Community Development Fund (CDF)</p> <p>The amount to be allocated for the CDF shall not be less than three per centum (3%) of the net surplus which shall be fixed in the by-laws: Provided, however, that the total amount allocated for the CDF and optional fund shall not exceed ten per centum (10%) of the net surplus.</p> <p>Section 6. Utilization of the Community Development Fund (CDF)</p> <p>The CDF shall be used for programs, projects or activities with social impact that will benefit a community within the area of operation of the cooperative through the adopt-a-community</p>	<p>First offense – imposition of fine equivalent to the amount of CDF</p> <p>Second offense – Non-issuance of COC for the immediately succeeding year</p> <p>Third offense – Dissolution for willful violation of lawful order of the Authority</p>	<p>MC 2021-01 “Revised Policy Guidelines governing the Allocation and Utilization of the CDF of Cooperatives”</p>	<p>RSES</p>
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program. Adopt-A-Community Program is a program wherein the cooperative, in collaboration with its local government unit, will identify a community and determine what intervention the cooperative may provide for the said community using the allocated CDF. The cooperative may adopt more than one (1) community provided it is within its area of operation.

For medium and large cooperatives, the CDF shall be used for infrastructure projects, which must be at least 50% but not to exceed 60%, of the total CDF allocated, while the remaining amount shall be used for social services. For micro and small cooperatives, they shall use their CDF for infrastructure projects and social services at their desired percentage of allocation.

A cooperative may collaborate with other cooperatives and enter into partnership agreement(s) with their respective local government units (LGUs) and other organizations/institutions to plan

and implement programs, projects or activities beneficial to the adopted community in order to have a greater and lasting social and economic impact.

These projects and activities shall be specifically provided in the Social Development Plan and Budget to be approved by the general assembly.

The CDF allocation for the current year shall be fully utilized for the adopted community on the following year. However, in case of fortuitous events or calamities within the area of operation, the cooperative may utilize not more than 10% of the balance of the CDF.

Section 7. Prohibitions in the Utilization of CDF:

- a. Creation or establishment of a foundation to manage or administer the CDF and to carry on the community development program of the cooperative;

	<p>b. Management and administration of the CDF by existing foundations or organizations where the cooperative or any of its officers are directly or indirectly involved or connected with;</p> <p>c. Remittance of any percentage of the CDF to a federation or union or any organization;</p> <p>d. Use for political purposes and activities;</p> <p>e. Undertaking of activities which are not included in the Social Development Plan and are not approved by the general assembly, except for fortuitous events that may occur within the area of operation;</p> <p>f. Transfer or donation of the CDF of the parent cooperative to its subsidiary cooperative; and</p> <p>g. Other acts similar to the foregoing.</p>			
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Section 8. Reporting of Social Development Activities of the Cooperative and Utilized CDF

Social development activities conducted for the community and the funds utilized for each activity shall be included in the Social Audit Report of the Cooperative.

The amount of CDF utilized during the year shall be indicated in the Social Audit Report to determine the balance and percentage of the utilization. Any changes in the amount of the CDF shall be reflected in the Statement of Changes and Equity.

	<p>Section 10. Prohibitions in the Utilization of CETF</p> <p>The following acts are prohibited:</p> <ol style="list-style-type: none"> a. Creation or establishment of a foundation to manage or administer the CETF and to carry on the education, training, research and advocacy program of the cooperative; b. Management and administration of the CETF by existing foundations or organizations where the cooperative or any of its officers are directly or indirectly involved or connected with; c. Use for political purposes and activities; d. Undertaking of activities which are not included in the Education and Training Program and is not approved by the general assembly; 	<p>Sec. 12. Sanctions.</p> <p>Any violation of the provisions of this Guidelines shall be subject to the following sanctions after due notice and hearing:</p> <ol style="list-style-type: none"> 1. Non-issuance of Certificate of Compliance (COC) for the immediately succeeding year; 2. Dissolution of the cooperative for willful violation of the lawful order of the Authority. 	<p>Memorandum Circular No. 2019-08, Series of 2019 Policy Guidelines Governing the Allocation, Utilization and Remittance of the Cooperative Education and Training Fund (CETF) of the Cooperative). Section 12. Sanctions.</p>	<p>RSES</p>
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	<p>e. Transfer or donation of the CETF of the Parent cooperative to its Subsidiary cooperative;</p> <p>f. Treating as share capital contribution a remitted CETF; and</p> <p>g. Other acts similar to the foregoing.</p> <p>Any violation of the provisions of Memorandum Circular No. 2019-08, Series of 2019 (Policy Guidelines Governing the Allocation, Utilization and Remittance of the Cooperative Education and Training Fund (CETF) of the Cooperative.</p>			
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	<p>Section 9. Payment of Patronage Refund</p> <p>a. In the case of a member patron with paid-up share capital contribution, his/her proportionate amount of patronage refund shall be credited to his/her share capital as part of the Capital Build-up if stipulated in the by-laws. In the absence of the provision in the by-laws, it shall be paid to him/her unless he/she agrees to credit the amount to his/her account as additional share capital contribution;</p> <p>b. In the case of a member patron with unpaid share capital subscription, his/her proportionate amount of patronage refund shall be credited to his/her account until his/her share capital subscription has been fully paid;</p>	<p>Section 12. Sanction for non-compliance:</p> <p>Non-compliance of the provisions of this Guidelines shall be subject to the following sanctions after due notice and hearing:</p> <ol style="list-style-type: none"> 1. Non-issuance of the Certificate of Compliance (COC) for the immediately succeeding year; 2. Dissolution of the cooperative for willful violation of the lawful order of the Authority. 	<p>Memorandum Circular No. 2019-09, Series of 2019 Guidelines in the Allocation and Distribution of Patronage Fund. Section 13. Penal Provision.</p>	
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	<p>c. In case of a member patron with due and demandable obligation, his/her proportionate amount of patronage refund shall be credited to said obligation until his/her obligation has been fully paid provided that the unpaid share capital subscription has been fully paid; and</p> <p>d. For members who voluntarily withdrew or have been terminated involuntarily (including automatic termination) the amount of share capital including ISC and PR not yet paid by the cooperative shall continue to earn interest until fully refunded to the member.</p> <p>e. In the case of a non-member patron, his/her proportionate amount of patronage refund shall be set aside in a general fund for such patrons through disclosure in the Notes to Financial Statement. It shall be allocated to individual non-</p>			
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	<p>member patrons only upon request and presentation of evidence of the amount of his/her patronage. The amount so allocated shall be credited to such patron toward payment of the minimum capital contribution for membership. When a sum equal to this amount has accumulated at any time within a period specified in the by-laws, such patron shall be deemed and become a member of the cooperative if he so agrees or requests and complies with the provisions of the bylaws for admission to membership.</p>			
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	<p>Section 6. Utilization of the Community Development Fund (CDF)</p> <p>The CDF shall be used for projects or activities that will benefit the community within the area of operation of the cooperative.</p> <p>These projects and activities shall be specifically provided in the Social Development Plan and Budget to be approved by the general assembly.</p> <p>The CDF allocation for the current year shall be fully utilized on the following year unless the projects or activities as approved by the general assembly require multi-year utilization.</p> <p>For multi-year projects/program, the allocation shall be fully utilized within the period as stated in the plan.</p>	<p>Section 10. Sanctions</p> <p>Any violation of the provisions of this Guidelines shall be subject to the following sanctions after due notice and hearing:</p> <ol style="list-style-type: none"> 1. Non-issuance of Certificate of Compliance (COC) for the immediately succeeding year; 2. Dissolution for willful violation of the lawful order of the Authority. 	<p>Memorandum Circular No. 2019-11, Series of 2019 (Policy Guidelines Governing the Allocation and Utilization of the Community Development Fund (CDF) of the Cooperative). Section 10. Sanctions.</p>	<p>RSES</p>
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Section 7. Prohibitions in the Utilization of CDF

The following acts are prohibited:

- a. Creation or establishment of a foundation to manage or administer the CDF and to carry on the community development program of the cooperative;
- b. Management and administration of the CDF by existing foundations or organizations where the cooperative or any of its officers are directly or indirectly involved or connected with;
- c. Use for political purposes and activities;
- d. Undertaking of activities which are not included in the approved Social Development Plan, except for fortuitous events that may occur within the area of operation;

	<p>e. Transfer or donation of the CDF of the parent cooperative to its subsidiary cooperative;</p> <p>f. Other acts similar to the foregoing.</p>			
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<p>FEDERATION OF COOPERATIVES</p>	<p style="text-align: center;">Article VII Prohibitions</p> <p>Section 1. Prohibited Practices and Activities. The following practices and activities are prohibited:</p> <ul style="list-style-type: none"> a. Engaging in any activity not indicated in their Articles of Cooperation and By-laws (ACBL); b. Engaging in any economic activity that competes, conflicts and supplants the business/economic activities of their member cooperatives; c. Treating the CETF remittance of members as share capital contribution or income; d. Accepting members who are not within the same line of business as indicated in the ACBL of the federation; 	<p style="text-align: center;">Article IX. Sanctions.</p> <ul style="list-style-type: none"> 1. Non-issuance of Certificate of Compliance (COC) for the immediately succeeding year; 2. Revocation / cancellation of the Certificate of Accreditation as Cooperative Training Provider, if applicable; and 3. Dissolution of the federation. 	<p style="text-align: center;">Memorandum Circular No. 2020-24, Series of 2020 (Guidelines Governing the Registration and Operation of Federation of Cooperative)</p>	<p style="text-align: center;">RSES</p>
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	<ul style="list-style-type: none">e. Using any part of its fund for any purpose other than those purposes stated in the ACBL of the federation;f. Engaging in any activity which is contrary to law, morals, public order or public policy;g. Accepting investments from members and non-members which are not allowed by the Code, other than share capital, deposit or non-speculative securities;h. Conducting mandatory trainings for officers of cooperatives who are not their members;i. Having members beyond their scope of membership; andj. Actual bookkeeping and accounting services to their members.			
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<p>COOPERATIVE UNIONS</p>	<p>Article VII Prohibitions</p> <p>Section 1. Prohibited Practices and Activities. The following practices and activities are prohibited:</p> <ul style="list-style-type: none"> a. Engaging in any business activity; b. Treating the remitted CETF as income; c. Distribution of the fund balance to the members; d. Using any part of its fund for any purpose other than the purposes stated in the Articles of Cooperation; and e. Engaging in any activity which is contrary to law, morals, public, order or public policy. 	<p>Article IX. Sanctions.</p> <ul style="list-style-type: none"> 1. Non-issuance of Certificate of Compliance (COC) for the immediately succeeding year; 2. Revocation / cancellation of the Certificate of Accreditation as Cooperative Training Provider, if applicable; and 3. Dissolution of the cooperative union. 	<p>Memorandum Circular No. 2020-23, Series of 2020 (Guidelines Governing the Registration and Operation of Cooperative Unions)</p>	<p>RSES</p>
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<p>TAX INCENTIVE</p>	<p>Failure of any registered cooperative issued with a Certificate of Tax Exemption (CTE) and availed of tax incentives to comply with the submission of the compliance requirements as required under Section 4 of this guidelines shall be imposed of the following penalties:</p> <p>First Offense - Certificate of Tax Exemption (CTE) shall be deemed revoked and registered cooperative shall be prohibited to avail of tax exemption for a period of 1 year from the date of revocation.</p> <p>Second Offense - Certificate of Tax Exemption (CTE) shall be deemed revoked and registered cooperative shall be prohibited to avail of tax exemption for a period of 3 year from the date of revocation.</p>	<p>SECTION 6. PENALTY FOR NON-COMPLIANCE</p> <p>Submission of the compliance requirements under Rule II, Section 5 of the Joint Administrative Order shall be a continuing requirement for the effectivity of the Certificate of Tax Exemption (CTE) of a registered cooperative.</p> <p>First Offense - CTE shall be deemed revoked and registered cooperative shall be prohibited to avail of tax exemption for a period of 1 year from the date of revocation.</p> <p>Second Offense - CTE shall be deemed revoked and registered cooperative shall be prohibited to avail of tax exemption for a period of 3 years from the date of revocation.</p> <p>Third Offense - CTE shall be deemed revoked and registered cooperative shall be prohibited to avail of tax exemption for a period of 5 years from the date of revocation.</p>	<p>Memorandum Circular No. 2019-06, Series of 2019 (Procedures in the Submission of Annual Tax Incentive Report Pursuant to the Joint Administrative Order No. 1, Series of 2019)</p>	<p>RSES</p>
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	<p>Third Offense - Certificate of Tax Exemption (CTE) shall be deemed revoked and registered cooperative shall be prohibited to avail of tax exemption for a period of 5 year from the date of revocation.</p> <p>Fourth Offense - Certificate of Tax Exemption (CTE) shall be deemed revoked and registered cooperative shall be prohibited from re-application.</p>	<p>Fourth Offense - CTE shall be deemed revoked and registered cooperative shall be prohibited from re-application.</p> <p>NB: Registered cooperatives shall be also be liable for the payment of taxes immediately upon revocation of the CTE, inclusive of surcharge, interest and compromise penalty.</p>		
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<p>REPORTS</p>	<p>SECTION 4. REPORTS TO BE SUBMITTED BY MICRO COOPERATIVES</p> <p>The following are the required reports to be submitted to the Authority in order to be issued a Certificate of Compliance (COC).</p> <ol style="list-style-type: none"> 1. Copy of the electronically encoded Cooperative Annual Progress Report (CAPR) with the following attachments: <ol style="list-style-type: none"> a.1 Original Copy of the Financial Statements (FS) audited by any of the following: <ol style="list-style-type: none"> 1.) External auditor accredited by the Board of Accountancy (BOA); 2.) Audit Committee of the cooperative; or 3.) Audit committee of the federation or union where the cooperative is affiliated, 	<p>SECTION 6. PENALTY FOR NON-SUBMISSION OF REPORTS</p> <p>Micro Cooperatives who failed to submit the required reports shall not be issued with a COC and be tagged as NON-COMPLIANT COOPERATIVE.</p>	<p>Memorandum Circular No. 2019-04, Series of 2019 (Guidelines Governing the Submission of Required Reports for Micro Cooperatives)</p>	<p>RSES</p>
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	<p>Audited Financial Statements shall comprise the following:</p> <ol style="list-style-type: none"> 1. Statement of Financial Condition 2. Statement of Operation 3. Statement of Changes in Equity, Donations and Grants and Statutory Reserves 4. Statement of Cash Flow 5. Notes to Financial Statements <p>For FS audited by the Audit Committee of the cooperative or federation/union, the same shall be duly signed by the chairman of the committee on the face of the FS.</p> <p>Micro Cooperatives are also required to encode their Audited Financial Statement through the subsystem in the CAPRIS found in the CDA's Website.</p> <p>a.2 List of Officers and Mandatory Trainings Undertaken/ Completed;</p>			
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a.3 Social Audit Report (SAR) including its program of activities pursuant to its socio-civic goals;

a.4 Governance and Management Report (GMR), including copies of the semi-annual Report on mediation and conciliation as received by the Authority pursuant to Rule 7 of the Revised IRR;

SECTION 5. PLACE AND DEADLINE OF SUBMISSION

The required reports as specified in Section 4 shall be submitted to the Extension Office where the cooperative is registered within one hundred twenty (120) days after the close of the calendar period.

Failure of Micro Cooperatives to submit the required reports per Memorandum Circular No. 2019-04, Series of 2019, RE Guidelines Governing the Submission of Required Reports for Micro Cooperatives

	<p>Section 8. Period of Submission and Sanctions</p> <p>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.</p>	<p>Section 8. Period of Submission and Sanctions</p> <p>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.</p> <p>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.</p>	<p>Memorandum Circular No. 2017-05, Series of 2017 (Governance and Management Audit Report for Cooperatives).</p>	<p>RSES</p>
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	<p>Section 6. Documentary Requirements</p> <p>The application for a Letter of Authority to establish a cooperative satellite office shall be accompanied by the following documents:</p> <p>a. Certificate of Compliance for the preceding year;</p> <p>b. Oath of Undertaking signed by the Chairperson of the cooperative for the specific services/activities to be undertaken by the proposed satellite office;</p> <p>c. Certification as to available space and manpower to manage the office; and</p> <p>d. Official Receipt showing payment of the processing fee.</p>	<p>Section 13. Sanctions</p> <p>Any violation of this Guidelines shall be subject to the following:</p> <ol style="list-style-type: none"> 1. Cancellation of the Letter of Authority without prejudice to the imposition of the applicable administrative sanctions to the cooperative under RA9520; 2. Non-issuance of the Certificate of Compliance (COC). 	<p>Memorandum Circular No. 2016-05, Series of 2016 - Amended Guidelines on the Establishment of Cooperative Satellite Offices.</p>	<p>RSES</p>
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Section 7. Processing Fee

The processing fee for the issuance of Letter of Authority for each cooperative satellite office shall be as follows:

Php 500.00 - Primary
Php 1,000.00 - Secondary
Php 2,000.00 - Tertiary

Section 8. Services/Activities Allowed in a Cooperative Satellite Office

The cooperative satellite office shall render services and conduct business activities, which shall not be limited to the following:

1. Recruitment of members;
2. Acceptance of applications for membership;
3. Acceptance of loan applications;

	<p>4. Collection and acceptance of payments for share capital contributions, loans, and/or utility bills in the case of electric and water service cooperatives;</p> <p>5. Release of loans, patronage refund, and interest on capital. All applications for membership, loans and other business transactions accepted in the satellite office shall be endorsed to the principal/main office for appropriate action. In no case shall the satellite office exercise discretion on such matters.</p> <p>Violation by the cooperative of Memorandum Circular No. 2016-05, Series of 2016 RE Amended Guidelines on the Establishment of Cooperative Satellite Offices</p>			
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	<p>Section 3. Required Reports</p> <p>A. For Primary Cooperatives</p> <p>Cooperative Annual Progress Report (CAPR) with the following attachments:</p> <ul style="list-style-type: none"> a. Social Audit Report including its program of activities pursuant to its socio-civic goals of the cooperative; b. Performance Audit Report, including copies of the semi-annual Report on mediation and conciliation as received by the Authority pursuant to EO 97; c. Audited Financial Statements; and d. List of Officers and Trainings Undertaken /Completed. <p>B. For Secondary and Tertiary Cooperatives (Federations and Unions)</p>	<p>Section 8. Fines and Penalties.</p> <p>The imposition of Fines and penalties shall commence from the time the cooperative has incurred delay.</p> <p>Failure to file the required regular reports with the corresponding attachments on time shall subject the Accountable Officers to a fine of One Hundred Pesos (Php 100.00) per day of delay.</p> <p>Electric Cooperatives shall be subject to an additional fine of P100/day for the delay in the submission of the List of Members Issued with Share Certificate.</p> <p>Micro Cooperatives which refer to cooperatives with assets of Three Million Pesos Php 3,000,000.00 and below based on Audited Financial Statements for the covered Reporting Period, shall be exempted from the monetary penalties but may be meted the penalty of non-issuance of Certificate of Compliance.</p>	<p>Memorandum Circular No. 2015-04, Series 2015 - Guidelines in the Imposition of Fines and Penalties for Delayed Submission of Required Regular Reports</p>	<p>RSES</p>
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	<p>Cooperative Annual Progress Report (CAPR) with the following attachments:</p> <ul style="list-style-type: none"> a. Social Audit Report including its program of activities pursuant to its socio-civic goals of the cooperative; b. Performance Audit Report, including copies of the semi-annual Report on mediation and conciliation as received by the Authority pursuant to EO 97; c. Audited Financial Statements; d. List of Officers and Trainings Undertaken /Completed; e. List of affiliates and cooperatives which have remitted their respective Cooperative Education and Training Funds (CETF); f. Business consultancy assistance to include the nature and cost, including the use of CETF; and 	<p>Non-issuance of Certificate of Compliance (COC).</p>		
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	<p>g. Other training activities undertaken specifying therein nature, participants, and cost of each activity.”</p> <p>C. CDA registered Electric Cooperatives Cooperative Annual Progress Report (CAPR) with the following attachments:</p> <ul style="list-style-type: none">a. Social Audit Report including its program of activities pursuant to its socio-civic goals of the cooperative;b. Performance Audit Report, including copies of the semi-annual Report on mediation and conciliation as received by the Authority pursuant to EO 97;c. Audited Financial Statementsd. List of Officers and Trainings Undertaken /Completed.			
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2. List of Members issued with Share Capital Certificate. This requirement shall however be submitted after two (2) years from the effectivity of the Revised Implementing Rules and Regulation of RA9520.

Section 8. Fines and Penalties

Failure to file the required regular reports with the corresponding attachments on time.

Failure of Electric Cooperatives to file the required regular reports with the corresponding attachments on time and delay in the submission of the List of Members Issued with Share Certificate.

Failure of Micro Cooperatives to file the required regular reports with the corresponding attachments on time.

II. APPLICABLE TO ALL NATIONAL ALLIANCE OF COOPERATIVES (NAC)/SECTORAL APEX ORGANIZATIONS(SAOs)/REGIONAL CLUSTERED ORGANIZATIONS (RCOs)

<p>National Alliance of Cooperatives, Sectoral Apex Organizations, Regional Clustered Organizations</p>	<p>Article IX Prohibitions and Sanctions</p> <p>Section 1. Prohibitions. The following acts shall be prohibited:</p> <ol style="list-style-type: none"> 1. Undertaking fund-raising and/or income generating activities; 2. Registering with any government agency that grants juridical personality; 3. Receiving grants, donations, and subsidies from local and foreign sources; and 4. Engaging in any activities other than those allowed by R.A. 11364, its IRR and this Memorandum Circular. 	<p>Section 2. Sanctions.</p> <p>Any violation of this Memorandum Circular shall be a ground for removal as officer/representative of the NAC, SAO or RCO, as the case may be, after due process.</p>	<p>Memorandum Circular No. 2020-28, Series of 2020 - Guidelines Governing the Organization and Recognition of a National Alliance of Cooperatives (NAC), Sectoral APEX Organizations (SAOs), and Regional Clustered Organizations (RCOs)</p>	
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III. APPLICABLE TO ALL COOPERATIVE DEVELOPMENT COUNCILS (CDCs)

<p>COOPERATIVE DEVELOPMENT COUNCILS</p>	<p>Part V. Section 1. Prohibited Acts and Activities.</p> <p>The following acts and activities shall be prohibited:</p> <ol style="list-style-type: none"> 1. Undertaking of any fundraising and/or income generating activities, except for donations, benefits and grants from any person, whether natural or juridical, including allocations that may come from local government units (LGUs); 2. Registering with any government agency for the purpose of acquiring a juridical personality; and 3. Engaging in activities other than those allowed under RA No. 11364, its IRR and this MC. 	<p>Part V. Section 1. Prohibited Acts and Activities.</p> <p>XX</p> <p>Any violation committed under this Section shall be a ground for the removal of incumbent officers, after due notice and hearing.</p>	<p>MC 2022-03 – Guidelines on the Structure, Organization, and Operation of Cooperative Development Councils (CDCs)</p>	
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