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PERFORMANCE REPORT STANDARDS FOR COOPERATIVES

CDA MEMORANDUM CIRCULAR NO. 2013-15, February 25, 2013

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Section 1. Title. This Memorandum Circular shall be known as the Performance Report Standards for Cooperatives.

Section 2. Legal Basis

- Article 53 of R.A. 9520, otherwise known as the Philippine Cooperative Code of 2008) to wit: “Every cooperative shall draw up regular reports of its program of activities, including those in pursuance of their socio-civic undertakings, showing their progress & achievements at the end of every fiscal year. xxx”

- Article 80 of the same Code states: “Cooperatives registered under this Code shall be subject to an annual financial, performance, and social audit. xxx”

- Rule 8, Section 2 of the Implementing Rules and Regulations of R.A. 9520 specifies Performance Report as one of the mandatory reports to be submitted to the Authority, to wit:

a. xxx
b. xxx
c. Performance Report
d. xxx
e. xxx

Section 3. Definition of Terms

a. Accountable Officers - refers to the members of the board of directors, members of the different committee created by the general assembly, general manager or chief executive officer, secretary, treasurer and members holding other positions as may be provided for in their bylaws. For the purpose of Performance Report, it refers to the Internal Auditor or in the absence thereof, the members of the Audit Committee, and the Chairman of the Board of Directors who are liable to pay the penalty to be imposed by the CDA for delay or non-submission of the Performance Report.

b. Oversight Function - refers to the Board of Directors governance function to review, monitor and supervise the cooperative's programs, activities, and policy implementation.

c. Performance Audit - refers to an audit to be performed by an Internal Auditor/ Compliance Officer or Audit Committee on the cooperatives’ performance in reference to the organizational, economic, and social aspects of cooperative's operation.

d. Performance Report - refers to the mandatory report required by law from cooperatives to submit annually to the CDA. The report comprises two (2) documents, namely: the Cooperative Performance Report Questionnaire and the Performance Audit Report.

e. PISO - refers to the financial standards that measure the financial performance of the cooperative. The acronym

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PISO stands for Profitability, Institutional Strength, Structure of Assets, and Operational Strength or staying power capacity of the cooperative.

f. Responsibility Center - refers to the unit in-charge in the formulation, monitoring, and controlling the various facet of cooperative operations. These include, but not limited to, the Office of the Board of Directors (including the Secretary and Treasurer), elected and appointed committees, and the Office of the General Manager.

g. Social Development Plan - refers to the written plans of cooperative regarding its program on social services for the members, the cooperative movement, the community, and/ or nation.

Section 4. Purposes of Performance Report. The purposes of Performance Report will serve:

a. As regulatory and supervisory tool of CDA in programming the roadmap of developmental intervention for cooperatives; and

b. As management tool of cooperative for the purpose of identifying problem areas in the operation and determining the state of the cooperative's health.

Section 5. Coverage. These guidelines shall govern and cover all registered cooperatives, regardless of types and categories. Section

6. Scope of Performance Audit

a. Evaluation of the leadership, human resource management, members, structure, and system and mechanism within the cooperative;

b. Examination of the adequacy of internal control system;

c. Appraisal of the financial performance using PISO as standards, and

d. Assessment of the Social Development Plan and the utilization of Community Development Fund.

Section 8. Performance Report Questionnaire. In the conduct of performance audit, this tool shall be accomplished by the Internal Auditor (IA). In the absence of IA, it shall be the responsibility of the Audit Committee to perform the task.

Section 9. Instructional Guidelines in Accomplishing the Questionnaire. There are four (4) major components in the Cooperative Performance Report Questionnaire. The 1st component is the Basic Information covering items A to E of the questionnaire, while the 2nd component is the Non-Financial area disclosing the key indicators of the organizational (Item F.l) and social aspects (Item F.2), and the adequacy of internal control (Item F.3.1). The 3rd component is the financial part which includes the needed financial information (Item G.1) and the computation of selected financial ratios (Item G.2). Lastly, the Rating System (Item H) demonstrates the summary score and adjectival rating earned by the cooperative.

a. Basic Information:

Fill-up the required information sourced from the following documents:

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SOURCE DOCUMENTS

i. Name of Cooperative (as of latest amendment, if any)

Latest Certificate of Amendment (in case there is an amendment in the name of the cooperative) or Certificate of Registration under RA 9520

ii. Cooperative Identification Number (CIN)

Certificate of Registration under RA 9520 (bottom part of the Certificate)

iii. Registration Number

Certificate of Registration under RA 9520 (upper part of the Certificate)

iv. Actual Principal Address

Latest Articles of Cooperation

v. Type of Cooperative

Latest Articles of Cooperation

b. Non-financial:

The Non-financial Component are series of questions answerable by Yes or No. Check ( ) all questions appropriately. If the answer is Yes, the cooperative has to make sure that it can be substantiated by necessary documents found in the 4th column of the matrices tagged as “Means of Verification”. The “Standard Point” for every positive response is indicated in the 4th column. A “Yes” response shall earn the full point to be noted in the 5th column labeled as “Points Earned”, while a No response shall mean a zero (0) point.

c. Financial:

The 1st part of the Financial Component requires the filling up of information to be sourced from the Financial Statements and/or Book of Accounts and/or Schedules of Accounts on the previous and/ or current year of operation. All information indicated thereto is required to be filled-up. Indicate the acronym N/A or zero (0) in case of non-applicability or nonavailability of the information. The 2nd part is the application of the PISO standard. Each formula provided in the questionnaire should be computed and the point/s earned based on the result of the computation should be indicated in the 4th column of the matrices. Summary of points earned in every indicator should be indicated in every sub-total of the form.

d. Rating System:

The last part of the questionnaire summarizes the points earned by the cooperative for the period. The Financial and Non-financial components are weighted as 35% and 65%, respectively. Multiply the sum of the sub-total points earned to the weight allocated in each component, and then add its product to get the total percentage points. Adjectival rating of the total percentage score are scaled as follows:

Adjectival Rating

Large & medium

Small

Micro

Excellent Performance

91-100%

81-100%

75-100%

Very Satisfactory Performance

81-90%

71-80%

61-74%

Satisfactory Performance

71-80%

61-70%

51-60%

Fair Performance

61-70%

51-60%

41-50%

Needs Improvement

60% and below

50% and below

40% and below

Section 10. Performance Audit Report. The presentation of the Performance Audit Report shall at least include the following parts:

a. Executive Summary - presents the overview of the objectives and scope of the audit, and the summary of the key observations and conclusions together with the key recommendations identifying the strong points and main areas which need to be addressed by the cooperative.

b. Objectives and Scope of the Audit - presents the objectives set and brief scope of audit including the actions chosen for audit and broad details of the procedures carried out.

c. Observations and Findings - presents a clear and logical analysis of the identified strong points or problems confronted by the cooperative within the auditing period. The report should provide sufficient details of the observations and findings to substantiate the points given.

d. Recommendations - presents the specific recommendations for action by the cooperative either to sustain current practice or to address the weaknesses found. This part should be clear and precise on the need for appropriate action to address the issue. The recommendation shall form as basis for any follow-up audit, evaluation or examination.

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Section 11. Provision of Non-monetary Incentives. Cooperatives who garnered a rating of Excellent or Very Satisfactory Performance shall be entitled to non-monetary incentives from the CDA. These incentives include:

1. A “Seal of Excellence” signed by the CDA Chairman indicating the cooperative performance;
2. Inclusion in the special corner of CDA Web site publicizing its rating and other pertinent information about the cooperative; and
3. Immediate issuance of a Certificate of Good Standing without the requisite of submitting the documentary requirements for the year covered.

Section 12. Period of Submission and Sanctions. The Performance Report shall be submitted by the cooperative to the CDA not later than 120 days from the end of each Calendar Year.

Failure to file the report on time shall subject the accountable officers to a fine/penalty of one hundred pesos (Php 100.00) per day of delay pursuant to Rule 8, Section 7 of the Implementing Rules and Regulations of Republic Act 9520.

The cooperative who failed to submit the report may also be subjected to a procedural process of cancellation or may be demanded to merge or consolidate with another cooperative operating in the same area of operation.

Section 13. Consolidation of Performance Reports. The Cooperative Project Development and Assistance Section (CPDAS) of every CDA Extension Offices shall be responsible in the consolidation of the Performance Report. Within sixty (60) days after the deadline of submission by cooperatives, the consolidated report shall be submitted by CPDAS to the Cooperative Project Development and Assistance Division (CPDAD) of the CDA Central Office who shall be responsible in consolidating and evaluating the report at the national level. CPDAD shall be responsible in submitting the reports to the CDA Board of Administrators, through the Executive Director.

A copy of the evaluated reports shall also be submitted by CPDAS/CPDAD to their respective Regulatory Unit for further analysis and assessment.

Section 13. Effectivity. This Circular shall take effect fifteen (15) days after publication from the Official Gazette or newspaper of general circulation and by the Office of National Administrative Register (ONAR). Approved by the CDA Board of Administrators on Feb. 7, 2013 per BOA Resolution No. 057, Series of 2013.

For the Board of Administrators:

(SGD.) EMMANUEL M. SANTIAGUEL, Ph.D
Chairman

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