REVISED GUIDELINES FOR THE ISSUANCE OF THE CERTIFICATE OF GOOD STANDING (CGS) AND MANDATORY ISSUANCE OF CERTIFICATE OF OPERATION (CO)

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SECTION 1. LEGAL BASIS

REPUBLIC ACT 6938

"Article 54 Annual Report. (1) Every cooperative shall draw up an annual report of its affairs as of the end of every fiscal year, and publish the same furnishing copies to all its members of record. A copy thereof shall be filed with the Cooperative Development Authority within sixty (60) days from the end of every fiscal year. The form and contents of the annual report shall be prescribed by the rules of the Authority. Failure to file the required annual report shall be a ground for revocation of authority of the cooperative to operate as such. The fiscal year of every cooperative shall be the calendar year except as may be otherwise provided in the by-laws. (2) x x x.

REPUBLIC ACT 6939

Section 3 Powers, Functions and Responsibilities. (a) x x x (f) Require all cooperatives, their federations and unions to submit their annual financial statements, duly audited by a certified public accountant, and general information sheets; (g) x x x"

SECTION 2. OBJECTIVE - These Revised Guidelines are hereby promulgated (1) to implement strictly the compliance of the submission of Statutory Requirements and (2) to prescribe penalty thereof in case of default.

SECTION 3. DEFINITION OF TERMS

A. CERTIFICATE OF GOOD STANDING (CGS) - is a Certificate issued to requesting cooperative which has complied with the requirements prescribed in Section 4(A) hereof.

B. CERTIFICATE OF OPERATION (CO) - is a Certificate issued to cooperative which has complied with the requirements prescribed in Section 4(B) hereof.

In order to easily distinguish the above definitions, the following must be considered:

The CGS is issued:

a. Upon request by the cooperative

b. In connection with its application for importations or contractual transactions with government or non-government agencies

The CO is:

a. Mandatory to all Registered/Confirmed Primary, Secondary and Tertiary cooperative

b. As proof that a cooperative is compliant with the Administrative and Statutory requirements

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SECTION 4. REQUIREMENTS

A. No Certificate of Good Standing shall be issued to any duly Registered/Confirmed Primary, Secondary and Tertiary cooperative unless it has submitted to the Authority the following:

- Application letter signed by the Chairman or duly authorized representative of the cooperative stating the reason/s thereon;

- Annual Report (AR) of the preceding year together with the Audited Financial Statement (AFS) provided that it has not incurred NET LOSS;

- Copy of the updated Bond of accountable officers/employees of the cooperative;

- Minutes of the latest General Assembly Meeting and the result of election of the Board of Directors;

- Certification under oath by the Chairman or Board Secretary that applicant is compliant with CDA MC No. 02-04, S-2002 prescribing for Standard Chart of Accounts for Credit and other types of cooperatives with Credit Services;

- Certification of No Pending Case with the CDA against the cooperative and its officers as certified by the Legal Officer (LO) of the Extension Office and/or Legal Division of the Central Office;

- Information Sheet (IS) duly accomplished;

- Certification Fee of PhP200.

Newly registered cooperatives are exempt from the requirements 1-6 above if they secure the CGS within ninety (90) days from date of its registration with CDA pursuant to Sec 6(e) of the BIR Revenue Regulations No. 20-2001 dated November 12, 2001.

B. No Certificate of Operation shall be issued to any Registered/Confirmed Primary, Secondary and Tertiary cooperative unless it has submitted the following:

- Duly accomplished Annual Report (AR);

- Audited Financial Statement (AFS) for the preceding year;

- Information Sheet (IS); and

- Certification Fee of PhP100 plus the penalty provided in Section 6 hereof, if applicable

SECTION 5. VALIDITY AND TERMS OF THE CERTIFICATION

Unless sooner revoked by the CDA for violation and/or non-compliance with the provisions of Republic Act Nos. 6938 & 6939, Implementing Rules and Regulations and other pertinent laws and CDA issuances, the Certificate of Good Standing or Certificate of Operation shall be valid for a period of one (1) year from the date of issue indicating the purpose/s.

SECTION 6. JURISDICTION OF THE CENTRAL AND EXTENSION OFFICES

The Area Cooperative Director shall have authority to issue the Certificate of Good Standing or Certificate of Operation to all primary, secondary and tertiary cooperatives under their respective areas of jurisdiction.

Provided, however that tertiary cooperatives of national coverage and specialized cooperative i.e., cooperative insurance, cooperative banks, electric cooperatives, the Certificate of Good Standing and Certificate of Operation shall be issued by the Central Office through the Registration Division.

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A Certificate of Good Standing required for the purpose of importation shall be issued only by the Central Office through the Legal Division in accordance with the DOF-CDA Joint Circular No. 1-90.

However, the approving authority for Certificate of Good Standing in connection with rice importations shall be the concerned Administrator according to their respective areas of jurisdiction pursuant to BOA Res. No. 290, S-2003 dated September 11, 2003.

The BOA reserves the right to suspend/waive the issuance of CGS/CO in particular areas due to force majeure or calamities, or by reason of conflict or strife. Such suspension/waiver shall be for a specific period of time and upon recommendation of the Authority's Directors.

SECTION 7. PENALTY FOR DEFAULT - A cooperative who failed to secure the annual Certificate of Operation shall be imposed with a penalty in the amount of THREE HUNDRED PESOS (PhP300.00) for every year of not securing the same or incurred delay in the submission thereof to the Authority. In which case, no Certificate of Operation shall be issued without first giving proof of the required payment of penalty.

For this purpose, delay means the date following the sixty (60) day period from the end of every fiscal year indicated in the by-laws of the cooperative. The cooperative may not incur delay if appropriate and reasonable notice of anticipated delay has been communicated to the Extension Office concerned or the Central Office whichever is applicable.

SECTION 8. MONTHLY REPORTS - A monthly report of the issuance of the CGS and CO shall be submitted to the Registration Division- Central Office, not later than 10th day of the following month. For purposes of uniformity, the reports submitted monthly shall be in accordance with the attached report format.

SECTION 9. REPEALING CLAUSE - All issuances inconsistent with these Guidelines are hereby repealed accordingly.

SECTION 10. EFFECTIVITY - These Guidelines shall take effect six (6) months upon approval hereof and registration with the University of the Philippines (UP), Office of the National Register (ONAR).

Adopted: 12 Jan. 2004

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Acting Chairman

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