

REVISED GUIDELINES ON SOCIAL AUDIT OF COOPERATIVES

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As a tool to measure effectiveness of the cooperative's social development services, the Social Audit of cooperatives consists of two (2) phases, namely: Social Performance Assessment, and Social Impact Assessment. This Guidelines, however, covers only the first phase of the Social Audit process. A separate Guidelines for Social Impact Assessment shall be set forth in a separate memorandum circular which has yet to be issued.

Section 1. Legal Basis.

The legal bases for this Guidelines is anchored on the following:

“Art. 80. Annual Audit. – Cooperatives registered under this Code shall be subject to an annual financial, performance and social audit.”[1]

“The social audit shall be conducted by an independent social auditor accredited by the Authority.”

“The Authority, in consultation with the cooperative sector, shall promulgate the rules and standards for the social audit of cooperatives.

“Art. 53. Reports. (1) Every cooperative shall draw up regular reports of its program of activities, including those in pursuance of their socio-civic undertakings, showing their progress and achievements at the end of every fiscal year.”[2]

Section 2. Coverage.

All registered cooperatives regardless of type or category shall be subject to social audit as herein contemplated.

Section 3. Definition of Terms

Auditor – refers to either the cooperative's internal auditor, audit committee or social auditor designated by it.

Management Social Performance Report – refers to the report on the accomplishment of the cooperative's social development plan.

Social Audit – refers to the procedure where the cooperative assesses its social impact and ethical performance vis-à-vis its stated vision, goals and social missions.

Social Audit Report – refers to the certified report prepared by the auditor as a result of the social audit conducted.

Social Audit Working Document – refers to the instrument used by the auditor in the conduct of social audit.

Social Development Plan and Budget – refers to the annual programs, projects and activities with corresponding resources approved by both the Board of Directors and the General Assembly.

Social Development Programs – refer to the set of activities and projects that the cooperative implements to achieve its social goals.

Social Goals – refer to the clear statement of acceptable and desirable future social conditions that provide direction for the things that the cooperative wants to achieve.

Social Impact Assessment – refers to the process of monitoring, analyzing, and evaluating the intended and unintended social outcome/result, both positive and negative as well as the planned interventions and social change processes involved in said interventions.

Social Performance – refers to the effective translation of a cooperative's mission into practice in line with accepted social values or simply making a cooperative's social mission a reality.

Social Performance Assessment - refers to the review of the performance of the cooperative vis-à-vis its social development plans and budget.

Section 4. Objectives

- To guide the cooperative in the assessment of its social performance;
- To require the cooperative to use the prescribed tools and format in the preparation and submission of social audit report; and
- To provide the manner and period of submitting social audit report to the CDA.

Section 5. Key Areas in Social Performance Assessment

In the conduct of audit, the following key areas shall be looked into:

- Vision, Mission, Core Values and Social Goals;
- Policies and Guidelines on Social Development;
- Social Development Program for the Cooperative and the Community; and
- Utilization of Community Development Fund.

The Auditor shall use the Social Audit Working Document (Annex A*) to determine the cooperative's social performance and to serve as basis for writing a report.

Section 6. Social Audit Report.

The Social Audit Report shall consist of narrative report (Annex B*) on the comments/observations, including recommendations, and the accomplished Social Audit Working Document (Annex A) which shall be attached to the Cooperative Annual Progress Report (CAPR).

The Report shall be typewritten or printed in a form prescribed by the Authority and prepared by cooperative's internal auditor, audit committee or social auditor designated by the cooperative. The Chairperson and the General Manager shall conform to the audit report.

Section 7. Management Social Performance Report.

At the end of year, the management shall prepare a Management Social Performance Report (Annex C*) which presents the accomplishments of the cooperative's social development plan. This could be used as reference by

the auditor in the conduct of audit but shall only be kept or retained at the level of the cooperative.

Section 8. Repealing Clause

This Circular repeals Memorandum Circular No. 2013-16.

Section 9. Effectivity

This Circular shall take effect upon approval of the CDA Board of Administrators and fifteen (15) days after publication with the Office of the National Administrative Registry (ONAR).

The Cooperative shall adopt the revised forms and format in the submission of their social performance of the year 2018 which will be submitted to the Authority in 2019 and every year thereafter.

Approved per CDA Board Resolution No. 049-2018 dated February 20, 2018.

(SGD) ORLANDO R. RAVANERA
Chairperson

[1] Philippine Cooperative Code of 2008

[2] Philippine Cooperative Code of 2008

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