

[CDA Memorandum Circular No. 2015-02, April 30, 2015]

GUIDELINES ON INSPECTION OF COOPERATIVES

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Pursuant to Sec. 6, Article XII, of the 1987 Philippine Constitution, Articles 34 (4) and 52 of RA9520 and Section 3 (m), (o) of RA 6939, the Authority prescribes the following Guidelines governing the conduct of inspection of cooperatives.

Section 1. Title

This issuance shall be known as the Guidelines on Inspection of Cooperatives.

Section 2. Statement of Policy and Objectives

The Cooperative Development Authority (CDA) is statutorily mandated to promote the viability and growth of cooperatives as instrument of social justice and economic development in pursuance of the Constitutional mandate under Article XII, Section 15 of the 1987 Philippine Constitution.

In line with this policy, the CDA adopts the inspection of cooperatives as a mechanism to directly pursue its mission of ensuring the safe and sound operation of cooperatives.

Section 3. Scope and Coverage

These Guidelines shall apply to all types and categories of cooperatives registered with the Authority and its Extension Offices, except the following:

1. Cooperatives issued with Show Cause Order as a result of inspection, subject to the discretion of the Extension Office Directors;
2. Cooperatives recommended for Dissolution;
3. Cooperatives issued with the Order of Dissolution or Cancellation;
4. Cooperatives under Liquidation;
5. Delisted cooperatives and
6. New cooperatives registered during the current year.

In the case of the registered cooperative with branch and satellite offices, inspection of the latter shall be conducted through the main office.

Section 4. Definition of Terms

As used in these Guidelines, the operational definition of the following terms shall be:

1. **INSPECTION**– a function exercised by the Authority to ensure that cooperatives comply with the regulatory requirements imposed by the cooperative laws, rules and regulations, related laws and other administrative issuances.
2. **SHOW CAUSE ORDER**– an order issued by the Authority requiring the cooperative to explain/show why it failed to comply with the cooperative laws, rules and regulations and other administrative issuances relating to the grounds for Dissolution, Liquidation, Cancellation.
3. **ORDER OF DISSOLUTION**– an order issued by the Authority for the termination of the juridical personality of the cooperative through appropriate proceedings, or through its own initiative.
4. **ORDER OF LIQUIDATION**– an order issued by the Authority or by the appropriate court for the winding up of the affairs of the cooperative.
5. **ORDER OF CANCELLATION**– an order issued by the Authority to cancel the Certification of Registration of the cooperative thereby terminating its juridical personality.
6. **DELISTED COOPERATIVES**– cooperatives whose names are delisted or stricken out from the Registry of Existing Cooperatives after their Certificate of Registration has been ordered cancelled.

Section 5. Notice of Inspection

A Notice of Inspection shall be sent to the cooperative through its Board of Directors or the General Manager at least two weeks prior to the conduct of the inspection.

The Notice shall contain the following:

1. The name/s of the duly authorized inspector/s;
2. The date of the inspection;
3. Documents and records needed during the inspection;

The Notice shall also state the mandatory presence of the Chairman, members of the Board of Directors and the General Manager/Chief Executive Officer or the duly authorized representative/s in case of their absence during the Exit Conference.

Section 6. Authority of the Inspector/s

During the conduct of the inspection, the Inspector/s shall have the following powers and authorities:

1. Require the presentation and/or submission of reports or documents or records necessary to ascertain the facts relative to the condition of the cooperative and other matters which are the subject of the inspection;
2. Inquire into the financial information of the cooperative and other cooperative activities to determine whether they are in accordance with cooperative laws,