

**[ CDA MEMORANDUM CIRCULAR NO. 2012-01,  
December 09, 2011 ]**

**RULES OF PROCEDURE GOVERNING THE CONDUCT OF  
INVESTIGATION OR INQUIRY BY THE COOPERATIVE  
DEVELOPMENT AUTHORITY (CDA)**

*Adopted: 09 December 2011*

*Dated Filed: 17 January 2012*

WHEREAS, Section 6, Article XII of the 1987 Constitution of the Republic of the Philippines provides that:

"Sec. 6 The use of property bears a social function, and all economic agents shall contribute to the common good. Individuals and private groups, including corporations, cooperatives, and similar collective organizations, shall have the right to own, establish, and operate economic enterprises, subject to the duty of the State to promote distributive justice and to intervene when the common good so demands." (underscoring supplied)

WHEREAS, Article 34 (4) of Republic Act (RA) No. 9520 authorizes the CDA to call a special meeting of the cooperative for the purpose of reporting to the members the result of any examination or other investigation of the cooperative affairs;

WHEREAS, Section 3 (o) of RA 6939 empowers the CDA to exercise such other functions as may be necessary to implement the provisions of cooperative laws, i.e. conduct such hearing or inquiry;

WHEREAS, Section 3 (m) of RA 6939 empowers the CDA to adopt rules and regulations for the conduct of its internal operations;

WHEREFORE, premises considered, the Board of Administrators hereby adopts and promulgates the following rules:

**RULE I  
GENERAL PROVISIONS**

Section 1. Title – These Rules shall be known as the "CDA rules of Procedure Governing the Conduct of Investigation or Inquiry."

Section 2. Application – These Rules shall apply to the conduct of investigation or

inquiry by the CDA for the purpose of ascertaining whether or not such acts which constitute fraud, irregularity or anomaly were committed by the concerned parties in the cooperative.

The conduct of investigation or inquiry maybe based on:

1. The complaint from any member or officer of a cooperative; or
2. The complaint from any government agency; or
3. The final report of inspection or examination conducted by the CDA on the cooperative.

Section 3. definition of Terms – For purposes of these rules, the following terms shall mean as:

1. CDA - refers to the Cooperative Development Authority.
2. Cooperative – refers to the cooperative duly registered with the CDA pursuant to RA 6938, as amended by RA 9520 and RA 6939.
3. Complaint – refers to a verified statement of a complainant alleging the commission or omission of certain acts which constitute as fraud, anomaly or irregularity by any officer in a cooperative, subject to Sec. 2, Rule II, of this Rules.
4. Complainant – refers to any member or officer of a cooperative or any duly authorized representative of a government agency vested with jurisdiction over the matters sought to be investigated.
5. Member of Cooperative – refers to any member of a cooperative subject to a complaint.
6. Officer of Cooperative – refers to a natural person holding a position as identified by Article 5 (11) of RA 9520 or the by laws of cooperative.
7. Fraud – an act or omission calculated to deceive or breach a legal duty, trust or confidence justly reposed, resulting to loss or damage to another or by which an undue advantage is taken from a person or member of cooperative.
8. Irregularity or Anomaly – refers to any act or omission which may not necessarily constitute a fraud but may: (a) directly or indirectly result to financial loss to the cooperative; or (b) a violation of RA 9520, its implementing rules and regulations, or articles of cooperation or by-laws of a cooperative.
9. Investigation or Inquiry – refers to a fact-finding inquiry or ascertainment of facts to determine whether or not the allegations in the complaint or findings in the final report of examination or inspection may be subject to an administrative, civil or criminal action.
10. Final report of examination or Inspection – refers to the document duly approved by the Board of Administrators or its duly authorized representative or a regional director of CDA containing the written statement or narration of findings and recommendations as a result of the examination or inspection conducted by the CDA in a cooperative.
11. Board of Administrators – refers to the policy-making body of the CDA.
12. Regional director – refers to the person who actually performs the duties and responsibilities of a director of an extension office of the CDA,

whether in a permanent or in acting capacity.

13. CDA Extension Office – refers to the duly established regional/extension office of the CDA.

14. Investigator - refers to the CDA officer, employee or agent duly authorized by the CDA to conduct the investigation or inquiry in a cooperative pursuant to these rules, whether solely or as a team.

15. Examiner/Inspector – refers to any officer or employee of CDA, whether individually or in a team, conducting an examination or inspection on the cooperative.

Section 4. Nature of Proceedings – The conduct of investigation shall be non-adversarial and shall not adhere to technical rules of procedures of the Rules of Court.

The proceedings under these rules shall be confidential. disclosure of such findings may be made when they are subject of an administrative, criminal or civil action.

The CDA shall exercise jurisdiction over complaints involving violation of RA 9520, related laws, its IRR or any CDA issuances and may initiate the proper action against those responsible for the acts or omission before the appropriate authority.

Section 5. Scope – The conduct of investigation or inquiry shall be limited to the particular act or omission subject of a complaint or a final report of examination or inspection.

## **RULE II INITIATORY ACTS**

Section 1. Authority to Conduct Investigation or Inquiry – Before the conduct of investigation or inquiry under these Rules, the same shall be conducted only upon prior authorization by the Board of Administrators acting on the recommendation in a Final report of examination or Inspection based on any adverse finding therein or based on a complaint filed before the CDA.

The Board of Administrators may delegate the power mentioned in the immediately preceding paragraph to the CDA Regional Director in a special order to be issued for this purpose.

Section 2. Complaint – The complainant shall file a complaint in such form as hereto attached as Annex A and shall contain the following information:

- a. The full name and address of the complainant;
- b. The full name and address of the cooperative and the names and sufficient information for the identification of the directors, officers or employees who appear to be responsible for the acts or omission constituting fraud, irregularity or anomaly subject of the complaint;
- c. A narration of the relevant and material facts showing the fraudulent, irregular or anomalous acts or omission;