

## [ MEMORANDUM CIRCULAR NO. 2018-01, April 03, 2018 ]

### 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."<sup>[1]</sup>

"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."<sup>[2]</sup>

#### **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.