

[CDA MEMORANDUM CIRCULAR NO. 2013-15, February 25, 2013]

PERFORMANCE REPORT STANDARDS FOR COOPERATIVES

Section 1. Title. This Memorandum Circular shall be known as the Performance Report Standards for Cooperatives.

Section 2. Legal Basis

1. Article 53 of R.A. 9520, otherwise known as the Philippine Cooperative Code of 2008) to wit: "Every cooperative shall draw up regular reports of its program of activities, including those in pursuance of their socio-civic undertakings, showing their progress & achievements at the end of every fiscal year. xxx"
2. Article 80 of the same Code states: "Cooperatives registered under this Code shall be subject to an annual financial, performance, and social audit. xxx"
3. Rule 8, Section 2 of the Implementing Rules and Regulations of R.A. 9520 specifies Performance Report as one of the mandatory reports to be submitted to the Authority, to wit:
 - a. xxx
 - b. xxx
 - c. Performance Report
 - d. xxx
 - e. xxx

Section 3. Definition of Terms

a. *Accountable Officers* - refers to the members of the board of directors, members of the different committee created by the general assembly, general manager or chief executive officer, secretary, treasurer and members holding other positions as may be provided for in their bylaws. For the purpose of Performance Report, it refers to the Internal Auditor or in the absence thereof, the members of the Audit Committee, and the Chairman of the Board of Directors who are liable to pay the penalty to be imposed by the CDA for delay or non-submission of the Performance Report.

b. *Oversight Function* - refers to the Board of Directors governance function to review, monitor and supervise the cooperative's programs, activities, and policy implementation.

c. *Performance Audit* - refers to an audit to be performed by an Internal Auditor/ Compliance Officer or Audit Committee on the cooperatives' performance in reference to the organizational, economic, and social aspects of cooperative's operation.

d. *Performance Report* - refers to the mandatory report required by law from cooperatives to submit annually to the CDA. The report comprises two (2)

documents, namely: the Cooperative Performance Report Questionnaire and the Performance Audit Report.

e. *PISO* - refers to the financial standards that measure the financial performance of the cooperative. The acronym PISO stands for Profitability, Institutional Strength, Structure of Assets, and Operational Strength or staying power capacity of the cooperative.

f. *Responsibility Center* - refers to the unit in-charge in the formulation, monitoring, and controlling the various facet of cooperative operations. These include, but not limited to, the Office of the Board of Directors (including the Secretary and Treasurer), elected and appointed committees, and the Office of the General Manager.

g. *Social Development Plan* - refers to the written plans of cooperative regarding its program on social services for the members, the cooperative movement, the community, and/ or nation.

Section 4. Purposes of Performance Report. The purposes of Performance Report will serve:

- a. As regulatory and supervisory tool of CDA in programming the roadmap of developmental intervention for cooperatives; and
- b. As management tool of cooperative for the purpose of identifying problem areas in the operation and determining the state of the cooperative's health.

Section 5. Coverage. These guidelines shall govern and cover all registered cooperatives, regardless of types and categories. Section

6. Scope of Performance Audit

- a. Evaluation of the leadership, human resource management, members, structure, and system and mechanism within the cooperative;
- b. Examination of the adequacy of internal control system;
- c. Appraisal of the financial performance using PISO as standards, and
- d. Assessment of the Social Development Plan and the utilization of Community Development Fund.

Section 8. Performance Report Questionnaire. In the conduct of performance audit, this tool shall be accomplished by the Internal Auditor (IA). In the absence of IA, it shall be the responsibility of the Audit Committee to perform the task.

Section 9. Instructional Guidelines in Accomplishing the Questionnaire. There are four (4) major components in the Cooperative Performance Report Questionnaire. The 1st component is the Basic Information covering items A to E of the questionnaire, while the 2nd component is the Non-Financial area disclosing the key indicators of the organizational (Item F.1) and social aspects (Item F.2), and the adequacy of internal control (Item F.3.1). The 3rd component is the financial part which includes the needed financial information (Item G.1) and the computation of selected financial ratios (Item G.2). Lastly, the Rating System (Item H) demonstrates the summary score and adjectival rating earned by the cooperative.