

**[CDA MEMORANDUM CIRCULAR NO. 2012-02, S.
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**GUIDELINES ON INSPECTION AND/OR EXAMINATION OF
COOPERATIVES**

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Pursuant to Sec. 6 Article XII, of the 1987 Philippine Constitution, Articles 34 (4) and 52 of RA 9520 and Section 3 (m), (o) of RA 6939, the Authority prescribes the following Guidelines governing the conduct of inspection and/or examination of cooperatives.

Section 1. Title

This issuance shall be known and cited as the Guidelines on Inspection and/or Examination 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 instruments 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 and mandate, the CDA adopts the examination and/or inspection of cooperatives as a mechanism to directly pursue its mission of ensuring safe and sound operations of cooperatives.

Section 3. Scope of Examination and/or Inspection

Examination and/or inspection shall cover all cooperatives registered with the Authority. In the case of Financial Service Cooperatives, these Guidelines shall be of suppletory application.

Section 4. Inspection

A function exercised by the Authority to ensure that cooperatives comply with regulatory requirements imposed by the cooperative laws, related laws and other administrative issuances.

The inspection of cooperatives shall be undertaken at least once a year unless circumstances warrant another inspection.

Section 5. Examination

- a. Regular Examination – an examination conducted by the CDA as a result of the inspection/investigation conducted by the Authority.
- b. Special examination – a special examination conducted by CDA upon receipt of a written complaint from any interested parties, after validation; or upon request or directive from other government agencies.

Section 6. Notice of examination and/or Inspection

A notice of examination and/or Inspection shall be sent to the cooperative through its board of directors or the general manager prior to the conduct of the same.

The Notice shall contain the following:

- a. The names of the duly authorized examiners or inspectors; and
- b. The period of the examination or inspection.

Section 7. Issuance of the Order

Prior to the conduct of examination and/or inspection, a Special Order (S.O.) shall be issued by the regional director, in case of extension office, and by the Chairman of the Board of Administrators for the Central Office. The said S.O. shall contain the name of cooperatives to be examined and/or inspected and the duration thereof.

Section 8. Authority of the Examiners and/or Inspectors

During the conduct of examination and/or inspection, the Examiners or Inspectors who are duly authorized by the CDA shall have the following powers and authorities.

- a. Make a thorough examination and/or inspection of the cooperative;
- b. 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 subject of the examination and/or inspection.
- c. Inquire into financial information of the cooperative to ensure that financial disbursements and other cooperative activities are in accordance with the general policies set by the general assembly and the Board of directors;
- d. Conduct clarificatory and other conferences; and
- e. To do other acts that may be deemed necessary in the conduct of examination and/or inspection.

Section 9. Who may Conduct the examination and/or Inspection

The examination and/or inspection of cooperatives shall be conducted by the authorized personnel of the Authority or a team thereof.

The CDA Central Office Examiners or Inspectors shall examine or inspect the cooperatives registered with the Central Office, while the CDA Extension Office Examiners or Inspectors shall examine and/or inspect cooperatives registered with such extension office: Provided, That in the case of a cooperative branch, the