

## [ CDA MEMORANDUM CIRCULAR NO. 2013-16, March 01, 2013 ]

### **GUIDELINES ON SOCIAL AUDIT OF COOPERATIVES**

Pursuant to the pertinent provisions of Article 80, Chapter IX and Article 53, Chapter V of RA 9520 and Rule 11 of its Implementing Rules and Regulations, the following guidelines is hereby issued.

**Section 1. Legal Bases.** The legal bases for this guidelines are as follows:

*"Art. 80. Annual Audit. – Cooperatives registered under this Code shall be subject to an annual financial, performance and social audit."*

*"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."*

**Section 2. Coverage.** All registered cooperatives regardless of types and categories shall be subject to social audit and shall submit the Social Audit Report.

**Section 3. Social Audit.** It is a procedure where the cooperative assesses its social impact and ethical performance vis-à-vis its stated mission, vision, goals and code of social responsibility. It is a process to assess the cooperative's contribution for the upliftment of the status not only to its members' economic needs but also social needs and the community where it operates. The cooperative's actual performance and accomplishment are compared to its vision, goals, and social responsibility as it relates to the impact not only to the community but to its regular members as the immediate beneficiary of the decisions and actions it promulgated, passed and implemented. Social Audit will serve as control mechanism to account for its social performance and evaluate its impact in the community taking into account the community development fund which shall be used for projects or activities that will benefit the community where the cooperative operates.

**Section 4. Objectives/Uses of Social Audit.** Social Audit validates the support of the cooperative to the seventh cooperative principles on the "Concern for Community" and determines whether the cooperative work for the community's sustainable development through policies approved by their members.

The audit focuses not only to the economic side of the cooperative but also the social aspect of the organization and appraises the cooperative performance as value based organization usually participative, user and community oriented and non-profit but service organization and how its social responsibility for its members and the community as a whole was fulfilled.