



Technical Report

Corporate Governance Seminar for the Board of Administrators of the Cooperative Development Authority (CDA)

by De La Salle Professional Schools Graduate School of Business

Prepared for

**DOF Undersecretary Gil S. Beltran
Executive Director, National Credit Council
Department of Finance (DOF), and
Ms. Lecira Juarez, Chairperson
Cooperative Development Authority
Republic of the Philippines**

Submitted for review to

**Office of Economic Development and Governance
(OEDG), USAID/Philippines**

May 2007



Preface

This report is the result of technical assistance provided by the Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE) Activity, under contract with the CARANA Corporation, Nathan Associates Inc. and The Peoples Group (TRG) to the United States Agency for International Development, Manila, Philippines (USAID/Philippines) (Contract No. AFP-I-00-00-03-00020-00, Delivery Order 800). The EMERGE Activity is intended to contribute towards the Government of the Republic of the Philippines (GRP) Medium Term Philippine Development Plan (MTPDP) and USAID/Philippines' Strategic Objective 2, "Investment Climate Less Constrained by Corruption and Poor Governance." The purpose of the activity is to provide technical assistance to support economic policy reforms that will cause sustainable economic growth and enhance the competitiveness of the Philippine economy by augmenting the efforts of Philippine pro-reform partners and stakeholders.

Department of Finance (DOF) Undersecretary Gil S. Beltran, Executive Director, National Credit Council (NCC), requested EMERGE, by letter dated September 25, 2006, to assist the Cooperative Development Authority (CDA), among other things, with training in corporate governance for its Board of Administrators. The De La Salle Professional Schools Graduate School of Business won a competitive bidding process for the task. The very successful effort reported on herein was headed up by Dr. Benjamin A.I. Espiritu, Ph.D., Chairman, Accounting, Finance, Business & Governance Department.

The views expressed and opinions contained in this publication are those of its authors and are not necessarily those of USAID, the GRP, EMERGE or the latter's parent organizations.



De La Salle Professional Schools Graduate School of Business

Report on the Corporate Governance Seminar May 16-18, 2007

A seminar-workshop on corporate governance was conducted for the Cooperative Development Authority at Marco Polo Hotel, Davao City, from May 16-18, 2007.

The seminar was attended by Chairperson Lecira V. Juarez, Administrators Rosalinda E. Villaseca, Manuel C. Lapeña, Segfredo O. Buagas, Executive Director Atty. Niel Santillan, and Mr. Joselito Almario from the Department of Finance. Administrators Fulgencio A. Vigare, Jr. and Salaman D. Manca arrived practically at the end of the first day's session and were able to join only the second workshop.

Course Objectives

The course was designed to help the participants internalize their roles and responsibilities and instill in them the spirit of good corporate governance and proactive orientation.

Furthermore, the course was intended "to support the economic reforms that will cause sustainable economic growth and enhance the competitiveness of the Philippine economy by augmenting the efforts of Philippine pro-liberalization partners and stakeholders." The program took into consideration the USAID and Philippine government's strategic objective of helping make a climate less constrained by corruption and at the same time, strong in governance.

The seminar had the specific objectives of having the participants:

1. Gain knowledge of the leading Codes of Corporate Governance.
2. Acquire conceptual skills in appraising the dynamics of the Strategic Guidance, Risk, Audit, Controls, and Compliance, Compensation, Performance Evaluation, Nomination, and Capability Building functions of the Board of Administrators.
3. Develop proactive and morally grounded attitudes towards their roles and functions as a body and internalize their responsibilities as individual Administrators.
4. Become familiar with current trends in good corporate governance practices, regulations and exercise of Board and management responsibilities.

Content and Conduct of the Seminar-Workshop

The first day of the seminar consisted of a lecture and interactive discussions on the following topics:

1. Introduction to corporate governance
2. The CDA Act (or R.A. 6939) and the Manual of Rules and Regulations (MORR) for Cooperatives with Savings and Credit Services in the Philippines within the context of the corporate governance framework
3. Strategic guidance function of the Board
4. Audit, control, and compliance function of the Board

A video on the importance of “vision” for an organization was shown. Likewise, two workshops were conducted. The first workshop dealt with an analysis on the current state of corporate governance in the CDA. The participants were asked to answer a Corporate Governance Self-Rating Form, tailor-fitted for the CDA. A discussion on the answers followed. The second workshop was a case analysis of a credit cooperative. The participants were asked to firstly, identify the irregularities that occurred in the cooperative, and secondly, to state what specific provisions in the MORR, along with other new rules and regulations promulgated by the CDA, will prevent what happened in the cooperative in the case from happening to other cooperatives.

As a result of the lecture on strategic guidance, the CDA Board revisited their vision and mission statements.

The second day of the seminar consisted of a lecture on Completed Staff Work (CSW) along with a workshop wherein the participants, with the exception of the Chair who was supposed to be the decision-maker, were given the following situation:

“The CDA Chair has been informed by a highly-reliable source that a newly-elected Congressman from a Northern Luzon province will deliver, immediately upon the opening of Congress, a privilege speech attacking the MORR with the intention of preventing its approval. The Chair of the CDA has directed the Board of Administrators and the Executive Director to give a recommendation on what the CDA should do.”

The afternoon session of the seminar was devoted to a workshop on the drafting of a memorandum reiterating the adoption of CSW in the CDA along with the preparation of a draft Manual on Corporate Governance.

The third day consisted of lectures and interactive discussions on the following topics:

1. Risk management function of the Board
2. Nomination, compensation, performance evaluation and capability building functions of the Board
3. Culture and values in governance

The course outline, course syllabus, and syllabi of the individual modules mentioned are submitted with this report.

Observations

The seminar-workshop clarified to the participants the roles, duties and responsibilities of the Board of Administrators and Management vis-à-vis the CDA and the existing codes of corporate governance.

Good corporate governance is the concern of all, and an understanding of its concept and implementation must ideally be made, organization-wide, so that a culture of good corporate governance can be built.

Likewise, the participants were able to have an overview and actual application of CSW to appreciate its value and importance to both the Board of Administrators and Management.

The evaluation forms of the participants are submitted with this report. However, the evaluation of the seminar must consider the fact that two Administrators arrived late during the first day. Thus, they were not able to have a complete view of the seminar for evaluation purposes. There is also the possibility that they may have inadvertently made an evaluation for the parts they missed – specifically the introduction to corporate governance; discussion of the CDA Act and MORR within the framework of corporate governance; strategic guidance; and the audit, control, and compliance functions of the board.

Recommendations

Following our observations, we recommend the following:

1. Cascading of good corporate governance to the various levels of the CDA – what it is all about, what practices constitute it, what one's role in it is, and what one has to do for it. It will be difficult to build a culture of good corporate governance if it is only known to the Board of Administrators and the Executive Director.
2. CSW training down the line. CSW cannot exist solely at the top levels of the organization. It will not be fully effective since work received from those without CSW training and orientation will have to be redone. To build a culture of CSW for good governance and management, CSW training must be given to all.



Benjamin A.I. Espiritu, Ph.D.
Chairman, Accounting, Finance, Business &
Governance Department

May 29, 2007

List of Attachments

- 1) Seminar Workshop Program and Course Syllabus
- 2) Draft Memorandum on Completed Staff Work (a workshop output)
- 3) Draft Manual on CDA Corporate Governance (a workshop output)
- 4) Completion Report of the Training Program
- 5) New CDA Vision and Mission Statements*

*During the seminar/workshop, the CDA Board of Administrators (BOA) realized that CDA has a vision statement for the cooperative sector but not for the agency itself. EMERGE consultants advised the BOA to develop vision and mission statements for the agency to serve as a guide for developing CDA's medium- and long-term goals and strategic plans. Thus, during its regular monthly meeting held immediately after the seminar/workshop, the BOA crafted and subsequently approved the vision and mission statements for the CDA, after considerable discussion. **This is considered a significant achievement. During the same meeting, the BOA also approved the two outputs of the seminar/workshop.**

CORPORATE GOVERNANCE

Course Details

Module 1 – Introduction to Corporate Governance

This module introduces the participants to corporate governance – its history and the various governance codes in existence in the Philippines, along with some of the major ones recognized in various parts of the world.

The place of corporate governance in the cooperative structure is identified, along with the rationale for corporate governance training. The corporate governance framework, which is applicable to cooperatives and to other organizations as well, is also introduced in this module.

Common issues and problems in corporate governance are discussed along with proposed solutions to correct or avoid problems.

The topics to be covered in this module are as follows:

- 1. Introduction to corporate governance**
- 2. Origin of corporate governance**
- 3. Evolution of corporate governance**
- 4. Corporate governance framework**
- 5. Link of corporate governance training to internal growth and economic growth**
- 6. Various definitions of corporate governance**
- 7. OECD principles of corporate governance**
- 8. Codes of corporate governance in the Philippines**
- 9. Issues and problems in corporate governance**
- 10. Cases of directors' liabilities arising from poor corporate governance**

This module will be given primarily through a lecture along with interactive discussions. A workshop to discuss and answer the Corporate Governance Self-Rating Form, modified for cooperatives, will be carried out.

At the end of the module, the participants are expected to:

- 1. Have a working knowledge of the topics covered in the module.**
- 2. Have an assessment of their current governance practices vis-a-vis best governance practices.**

This module takes into consideration the peculiarities of both the Cooperative Development Authority as a government agency and the cooperatives, as organizations, as contrasted to the private sector and the way corporate governance is practiced in the latter. Thus, the CDA Act, Cooperative Code, along with Civil Service and Commission on Audit rules and regulations will at all times be considered in the course.

Module 1(a) – The Cooperative Development Authority (CDA) Act (or R.A. 6939) and the Manual or Rules and Regulations for Cooperatives with Savings and Credit Services in the Philippines

This module discusses:

- 1. The role, powers, functions, and responsibilities of the Cooperative Development Authority, particularly the regulatory part of the CDA responsibilities under Republic Act No. 6939 (in brief); and**
- 2. The Manual of Rules and Regulations for Cooperatives with Savings and Credit Services in the Philippines,**

within the context of the corporate governance framework.

The topics to be discussed in this module are as follows:

- 1. Declaration of Policy**
- 2. Creation of the Cooperative Development Authority under the Office of the President**
- 3. Powers, Functions and Responsibilities of the CDA**
- 4. The Governing Body/Board of Administrators of the CDA**
- 5. Qualifications of the Members of the Governing Board/Board of Administrators**
- 6. Board of Administrators Meeting**
- 7. Mediation and Conciliation function of the CDA**
- 8. Power to Register Cooperatives**
- 9. Cooperatives in the Education System**
- 10. Cooperatives in the Banking System**
- 11. Other appropriate functions that bear on the governance of the CDA; and**
- 12. Applicable provisions of the Manual of Rules and Regulations for Cooperatives with Savings and Credit Services in the Philippines.**

This module will be given through a lecture and interactive discussions, and all of the above topics are to be discussed within the context of the corporate governance framework.

At the end of the module, the participants are expected to be able to relate the provisions of Republic Act No. 6939, particularly the regulatory part of the CDA responsibilities, and the Manual of Rules and Regulations for Cooperatives with Savings and Credit Services in the Philippines, to the corporate governance framework.

Module 2 – Strategic Guidance Function of the Board

This module discusses the strategic guidance function of the Board. The specific provisions of this function as given by the various corporate governance codes in the Philippines will be discussed.

The various strategic guidance tasks of the Board will be taken up in detail. A case on cooperatives will be analyzed and discussed.

The topics to be discussed in this module are as follows:

- 1. Responsibilities, duties and functions of the Board with respect to strategic guidance, per the various codes of corporate governance in the Philippines.**
- 2. Tasks of strategic management.**
- 3. The management control process.**
- 4. Vision**
- 5. Mission**
- 6. Core values**
- 7. External and internal scanning**
- 8. Setting objectives**
- 9. Formulating strategy**
- 10. Implementation and action plans**
- 11. Evaluating performance, monitoring developments, and undertaking corrective action**

This module will be given through a lecture, interactive discussions, and a case analysis workshop.

At the end of the module, the participants are expected to:

- 1. Have a working knowledge of the topics covered in the module.**
- 2. Understood why strategic guidance is considered as the most important function of the Board.**

This module takes into consideration the peculiarities of both the Cooperative Development Authority as a government agency and the cooperatives, as organizations, as contrasted to the private sector and the way corporate governance is practiced in the latter. Thus, the CDA Act, Cooperative Code, along with Civil Service and Commission on Audit rules and regulations will at all times be considered in the course.

Module 3 – Audit Function of the Board

This module discusses the audit function of the Board, along with the specific provisions of the various codes of governance on the subject. The difference between the audit committee of the cooperative's board, and the audit committee of the cooperative itself, will be clarified. The duties and functions of each, along with reporting responsibilities, will be discussed.

Included in this module are the duties of the Board on controls and compliance. A case on cooperatives will be discussed. A draft charter of the Audit Committee of the Board will be prepared.

The topics to be discussed in this module are as follows:

- 1. Cases of corporate collapses due to the failures of Boards to undertake their audit, control, and compliance functions well.**
- 2. Specific duties and responsibilities of the Board of Directors for audit, controls, and compliance, as mandated in the existing codes of corporate governance in the Philippines.**
- 3. The Audit Committee of the Board of Directors.**
- 4. Duties of the Audit Committee members.**
- 5. Do's and Don'ts for Audit Committees**
- 6. Internal control function of the Board.**
- 7. Compliance function of the Board.**
- 8. The Audit Committee and the Internal Auditor**
- 9. The Audit Committee and the Commission on Audit/External Auditors**
- 10. Internal auditing**
- 11. Objective of internal auditing**
- 12. Major internal audit activities**
- 13. Internal audit standards**
- 14. The nature of operational auditing**
- 15. Audit Committee charter**

This module will be given through a lecture, interactive discussions, a case analysis, and a workshop on writing the charter of the committee.

At the end of the module, the participants are expected to:

- 1. Have a working knowledge of the topics covered in the module.**
- 2. Understood why the audit function is considered by many as the most difficult function of the Board and the one that is prone to liability.**
- 3. Prepared a draft Audit Committee charter.**

This module takes into consideration the peculiarities of both the Cooperative Development Authority as a government agency and the cooperatives, as organizations, as contrasted to the private sector and the way corporate governance is practiced in the latter. Thus, the CDA Act, Cooperative Code, along with Civil Service and Commission on Audit rules and regulations will at all times be considered in the course.

Module 4 – Risk Management Function of the Board

This module discusses the risk management function of the Board, together with the provisions of the various codes of governance on the subject.

The topics to be discussed in this module are as follows:

- 1. Cases of corporate collapses due to the failures of Boards to undertake their risk management functions well.**
- 2. Specific duties and responsibilities of the Board of Directors for risk management as mandated in the existing codes of corporate governance in the Philippines.**
- 3. What is risk?**
- 4. Public sector agency risk**
- 5. Framework for cooperative risk**
- 6. Evolution of risk management**
- 7. Risk management overview**
- 8. Principles of risk management**
- 9. Risk management process**
- 10. Impact and benefits of risk management.**
- 11. Operational risk**
- 12. Questions the Board of Directors must be prepared to answer regarding risk.**

The module will be carried out through a lecture and case analysis workshop.

At the end of the module, the participants are expected to:

- 1. Have a working knowledge of the topics covered in the module.**
- 2. Understood why risk management is an important function of the Board and why it is critical for cooperatives.**

This module takes into consideration the peculiarities of both the Cooperative Development Authority as a government agency and the cooperatives, as organizations, as contrasted to the private sector and the way corporate governance is practiced in the latter. Thus, the CDA Act, Cooperative Code, along with Civil Service and Commission on Audit rules and regulations will at all times be considered in the course.

Module 5 – Nomination, Compensation, Performance Evaluation and Capability Building Functions of the Board

This module discusses four functions of the Board – nomination; compensation; performance evaluation; and capability building. These functions are discussed in one module because they are human resources (HR)-related subject matter.

The specific provisions of the four board functions as given by the various corporate governance codes in the Philippines will be discussed.

The topics to be discussed in this module are as follows:

1. Duties and responsibilities of the Board of Directors in the area of nomination as mandated in the existing codes of corporate governance in the Philippines.
2. Guidelines in policy formulation for the nomination of senior officers and other members of the organization.
3. Recruitment, selection and placement.
4. Interviews
5. Duties and responsibilities of the Board of Directors in the area of compensation as mandated in the existing codes of corporate governance in the Philippines.
6. Guidelines for compensation policies, taking into consideration laws, rules, and regulations applicable to a government agency on one hand, and cooperatives on the other.
7. Duties and responsibilities of the Board of Directors in the area of performance evaluation as mandated in the existing codes of corporate governance in the Philippines.
8. Performance evaluation for the Board, senior management, agency personnel, and the agency as a whole, taking into consideration existing government performance evaluation systems.
9. Duties and responsibilities of the Board of Directors in the area of capability building as mandated in the existing codes of corporate governance in the Philippines.
10. Training needs analysis
11. Identification of core competencies
12. Assessment of competency gaps
13. Master training plan

This module will be given primarily through a lecture along with interactive discussions.

At the end of the module, the participants are expected to:

- 1. Have a working knowledge of the topics covered in the module.**
- 2. Understood why the nomination, compensation, performance evaluation, and capability building functions are important for effective Board governance.**

This module takes into consideration the peculiarities of both the Cooperative Development Authority as a government agency and the cooperatives, as organizations, as contrasted to the private sector and the way corporate governance is practiced in the latter. Thus, the CDA Act, Cooperative Code, along with Civil Service and Commission on Audit rules and regulations will at all times be considered in the course.

Module 6 – Culture and Values in Governance

This module discusses culture and values in governance, and how it impacts on board and cooperative performance. The provisions on culture and core values as given in the various codes of governance will be highlighted.

The topics to be discussed in this module are as follows:

- 1. Duties and responsibilities of the Board of Directors in identifying the core values of the agency or cooperative, and building an agency or cooperative culture as mandated in the existing codes of corporate governance in the Philippines.**
- 2. Organization with aligned values.**
- 3. Organization with mis-aligned values**
- 4. Importance of core values**
- 5. Values statements**
- 6. Organizational culture**
- 7. How the board builds organizational culture**
- 8. Ethics**
- 9. Elements of an ethics program**
- 10. Republic Act No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees)**

This module will be given primarily through a lecture along with interactive discussions.

At the end of the module, the participants are expected to:

- 1. Have a working knowledge of the topics covered in the module.**
- 2. Understood the critical role of ethics and values in governance.**
- 3. Related R.A. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees) to Board governance.**

This module takes into consideration the peculiarities of both the Cooperative Development Authority as a government agency and the cooperatives, as organizations, as contrasted to the private sector and the way corporate governance is practiced in the latter. Thus, the CDA Act, Cooperative Code, R.A. 6713, along with Civil Service and Commission on Audit rules and regulations will at all times be considered in this module.

Module 7 – Completed Staff Work

Many boards have failed or are not functioning as effectively as they should because their decision-making has been hampered by wrong, incomplete, or late information. One of the most potent tools that have aided board governance is completed staff work.

This module discusses how completed staff work can help the board. It gives a detailed view of what directors should expect, and what the directors' staff and subordinates should do to help their superiors practice good governance and achieve cooperative objectives.

The topics to be discussed in this module are as follows:

1. The job of the executive staff of the Board
2. The need for Completed Staff Work (CSW)
3. What is CSW
4. The CSW study
5. Statement of the problem or issue
6. Background of the study
7. Analysis of the problem
8. Conclusion and recommendation of the study
9. Annexes, action documents, and the final test for CSW
10. Communication and monitoring
11. Example of CSW in the public sector

This module will be given primarily through a lecture along with interactive discussions.

At the end of the module, the participants are expected to:

1. Have a working knowledge of the topics covered in the module.
2. Appreciate how CSW can help them in governance and management.

This module takes into consideration the peculiarities of both the Cooperative Development Authority as a government agency and the cooperatives, as organizations. It also considers the Presidential Memorandum of June 10, 1999 that mandates a certification of completed staff work for all issues submitted to the Office of the President of the Philippines for a decision.

MEMORANDUM

TO : ALL CONCERNED
FROM: THE CHAIRPERSON
RE : Completed Staff Work

For timely and well-informed decision-making and in accordance with the principles of good governance, it is hereby reiterated that the doctrine of Completed Staff Work shall be required for all matters requiring the approval of the Board of Administrators, the Chairperson, and the Executive Director.

It is expected that such matters for decision shall undergo a thorough evaluation and analysis of the issue/s involved, including such factors which attendant to the problem, the alternatives that may be adopted, and a recommendation by the concerned division/ unit involved. Further, such staff work shall also include the comments and further suggestions of other units/stakeholders involved in the possible course of action to be undertaken.

Attached is a format for Completed Staff Work that shall be mandated for use. In undertaking Completed Staff Work, the issuing/preparing officer shall use the Bookman Old Style font with size 11. This should not exceed 3 pages in length excluding the attachments and action documents.

LECIRA V. JUAREZ

COOPERATIVE DEVELOPMENT AUTHORITY (CDA)
Manual on Corporate Governance

The Board of Administrators, Management and Staff of the Cooperative Development Authority (CDA) hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of our agency goals.

1. OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Administrators, Management and Staff believe that corporate governance is a necessary component of what constitutes sound strategic governance and management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

2. COMPLIANCE SYSTEM

2.1. Compliance Officer

2.1.1. To insure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer. He shall have direct reporting responsibilities to the Chairman of the Board.

2.1.2. He shall perform the following duties:

- Monitor compliance with the provisions and requirements of this Manual;
- Determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board;
- Issue a semi-annual certification every July 31st, January 31st of the year on the extent of the CDA's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same; and
- Identify, monitor and control compliance risks.

2.2. Plan of Compliance

2.2.1. Board of Administrators

Compliance with the principles of good corporate governance shall start with the Board of Administrators.

It shall be the Board's responsibility to foster the long-term success of the CDA in a manner consistent with its mandate, which it shall exercise in the best interest of the agency and its stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

2.2.1.1. General Responsibility

An Administrator's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability, fairness, and competence.

2.2.1.2. Specific Duties and Functions

To insure a high standard of best practice for the CDA and its stakeholders, the Board shall:

- Install a process of selection to ensure a mix of competent officers and staff.
- Determine the CDA's purpose, its vision and mission and strategies to carry out its objectives.
- Ensure that the CDA complies with all relevant laws, regulations and codes of best practices;
- Identify the CDA's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective stakeholder and public relations program;
- Adopt a system of internal checks and balances;
- Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted; and

- Keep Board authority within the powers of the institution as prescribed in the by existing laws, rules and regulations.

2.2.1.3. Duties and Responsibilities of an Administrator

An Administrator shall have the following duties and responsibilities:

- To ensure that personal interest does not bias Board decisions;
- To devote time and attention necessary to properly discharge his duties and responsibilities;
- To act judiciously;
- To exercise independent judgment;
- To have a working knowledge of the statutory and regulatory requirements affecting the CDA;
- To observe confidentiality;
- To ensure the continuing soundness, effectiveness and adequacy of the CDA's internal control environment.
- To comply with all the provisions of RA 6939 (Cooperative Development Authority Act) and RA 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees) and RA 3019 (Anti-Graft and Corrupt Practices Act).

2.3.5. Internal Auditor

2.3.5.1. The CDA shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board and senior management shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

2.3.5.2. The Internal Auditor shall report **functionally** to the Board.

2.3.5.4. The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of the agency and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

3. COMMUNICATION PROCESS

- 3.1. All Members of the Board of Administrators, Directors, and Division Heads are tasked to ensure the thorough dissemination of this Manual to all employees and to likewise enjoin compliance in the process.
- 3.2. An adequate number of printed copies of this Manual must be reproduced under the supervision of the Administrative Division, with a minimum of at least one (1) hard copy of the Manual per extension office and division.

4. TRAINING PROCESS

- 4.1. If necessary, funds shall be allocated for the purpose of conducting an orientation program or workshop to operationalize this Manual.
- 4.2. An Administrator shall be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

5. MONITORING AND ASSESSMENT

- 5.1. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 8 of this Manual.
The adoption of such performance evaluation system must be covered by a Board approval.
- 5.2. This Manual shall be subject to annual review unless the same frequency is amended by the Board.
- 5.3. All processes and practices being performed within any organizational unit of the CDA that are not consistent with any

portion of this Manual shall be revoked unless upgraded to the compliant extent.

6. PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

- 6.1. To strictly observe and implement the provisions of this manual, disciplinary action shall be imposed in accordance with existing Civil Service laws, and other government rules and regulations.
- 6.2. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

Approved by the Board of Administrators on _____.

Signed:

CHAIRMAN OF THE BOARD

Inclusions in the Manual:

- Republic Act No. 6939 – The Cooperative Development Authority Act**
- Republic Act No. 6713 – Code of Conduct and Ethical Standards for Public Officials and Employees**
- Republic Act No. 3019 – Anti-Graft and Corrupt Practices Act**



De La Salle Professional Schools Graduate School of Business

COMPLETION REPORT OF TRAINING PROGRAM

Training Provider: De La Salle Professional Schools, Inc.
Graduate School of Business

Address: 2269 Taft Avenue, Manila

Project Address: 1707 Prestige Tower, Emerald Avenue, Ortigas Center, Pasig City

Telephone No. at Project Office: 635-9919 to 20 **Fax No:** 687-1109

Title of Program: CORPORATE GOVERNANCE

Inclusive Dates: May 16, 17, & 18, 2007

Venue: Marco Polo Hotel, Davao City

<u>LIST OF PARTICIPANTS</u>	<u>POSITION</u>	<u>REMARKS</u>
1. BUAGAS, Segfredo O.	BOA member	Completed
2. JUARES, Lecira V.	Chairperson	Completed
3. LAPENA, Manuel C.	BOA member	Completed
4. MANGCA, Salaman D.	BOA member	Completed
5. SANTILLAN, Niel A.	E.D	Completed
6. VIGARE, Fulgencio Jr. A.	BOA member	Completed
7. VILLASECA, Rosalinda E.	BOA member	Completed

List of Resource Persons:

Subject Matter

- | | |
|-------------------------------|---|
| 1. Dr. Benjamin A.I. Espiritu | <ul style="list-style-type: none"> -Introduction to Corporate Governance -CDA Act (or R.A. 6939 -Strategic Guidance Function -Audit, Controls and Compliance -Completed Staff Work |
| 2. Prof. Reynaldo P. Chang | <ul style="list-style-type: none"> -Risk Management Function of the Board |

3. Atty. Ranulfo P. Payos

-Nomination, Compensation, Performance
Evaluation and Capability Building
-Corporate Culture and Values



BENJAMIN A.I. ESPIRITU, Ph.D.
Course Director
Chairman, Business and Governance Dept.



VISION

THE CDA, GUIDED BY THE PRINCIPLES OF EXCELLENCE, INTEGRITY, TRANSPARENCY AND TEAMWORK, SHALL PROMOTE THE VIABILITY, SUSTAINABILITY AND GROWTH OF SOCIALLY-RESPONSIVE, AND GLOBALLY COMPETITIVE COOPERATIVES, ADHERING TO UNIVERSALLY ACCEPTED COOPERATIVE PRINCIPLES AND VALUES, THROUGH A CONDUCTIVE, DYNAMIC, AND RELEVANT REGULATORY ENVIRONMENT.

MISSION STATEMENT

The CDA will serve with high dedication and commitment to the social and economic empowerment and protection of every stakeholder's rights and interests in cooperatives by ensuring safe and sound operations for reliable, efficient and effective delivery of quality and competitive products and services to their constituents and the community.