

# STATUTES COOPERATIVE QUALITY TOUCH

## PROJECT

### KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned Filipino citizens, all of legal age, and residents of the Philippines, representing at least majority of the members of this primary cooperative, do hereby adopt the following code of By-laws.

### Article I Purpose(s) and Goals

The purpose(s) and goals of this Cooperative are those set forth in its Articles of Cooperation.

### Article II Membership

#### Section 1. Membership.

This Cooperative shall have 15 members minimum and more .

#### Section 2. Qualification for Membership

The membership of this Cooperative is open to all natural persons, Filipino citizen, of legal age, with capacity to contract and, within the common bond and field of membership described as follows:

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#### Section 3. Requirements for Membership.

A member must have complied with the following requirements:

- a. Approved application for membership;
- b. Certificate of completion of the prescribed Pre-Membership Education Seminar (PMES);
- c. Subscribed and paid the required minimum share capital and membership fee;
- and d. \_\_\_\_\_

#### Section 4. Application for Membership.

An applicant for membership shall file a duly accomplished form to the Board of Directors who shall act upon the application within \_\_\_\_\_ (\_\_\_\_\_) days from the date of filing. The Board of Directors shall devise a form for the purpose which shall, aside from the personal data of the applicant, include the duties of a member to participate in all programs including but not limited to capital build-up and savings mobilization of the Cooperative and, such other information as may be deemed necessary. The application form for membership shall include an undertaking to uphold the By-laws, policies, guidelines, rules and regulations promulgated by the Board of Directors and the general assembly. No application for membership shall be given due course if not accompanied with a membership fee of \_\_\_\_\_ (Php \_\_\_\_\_), which shall be refunded to the applicant in case of rejection. Revised March2012 Page 2 of 20

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## Section 5. Appeal.

An applicant whose application was denied by the Board of Directors may appeal to the Appeal and Grievance Committee or the general assembly by giving notice to the Secretary of the Cooperative within thirty (30) days upon receipt of the decision.

**Section 6. Minimum Share Capital Requirement.** An applicant for membership shall subscribe at least one) share and pay the value of at least 20 000 pesos (twenty thousands pesos) shares upon approval of his/her membership. However, no member shall own or hold more than ten percent (10%) of the total subscribed share capital of the Cooperative.

## Section 7. Duties and Responsibilities of a Member.

Every member shall have the following duties: a. Pay the installment of his/her share capital subscription as it falls due and to participate in the capital build-up and savings mobilization activities of the Cooperative; b. Patronize the Cooperative's business(es) and services; c. Participate in the membership education programs; d. Attend and participate in the deliberation of all matters taken during general assembly meetings; e. Observe and obey all lawful orders, decisions, rules and regulations adopted by the Board of Directors and the general assembly; and f. Promote the purposes and goals of the Cooperative, the success of its business, the welfare of its members and the cooperative movement in general.

## Section 8. Rights and Privileges of Members.

A member shall have the following rights and privileges: a. Attend during general membership meetings; b. Avail himself of the services of the Cooperative, subject to certain conditions as may be prescribed by the Board of Directors; c. Inspect and examine the books of accounts, the minutes books, the share register, and other records of the Cooperative during reasonable office hours; d. Secure copies of cooperative records/documents pertaining to the account information of the concerned member; e. Participate in the continuing education and other training programs of the cooperative; and f. Such other rights and privileges as may be granted by the General Assembly.

## Section 9. Member Entitled to Vote.

Any regular member who meets the following conditions is a member entitled to vote:

- a. Paid the membership fee and the value of the minimum shares required for membership;
- b. Not delinquent in the payment of his/her share capital subscriptions and other accounts or obligations;
- c. Not violated any provision of cooperative laws, CDA administrative issuances, Articles of Cooperation and this Bylaws, the terms and conditions of the subscription agreement; Revised March 2012 Page 3 of 20 and the decisions, guidelines, rules and regulations promulgated by the Board of Directors and the general assembly;

d. Completed the continuing education program prescribed by the Board of Directors;

and e. Participated in the affairs of the Cooperative and patronized its businesses in accordance with cooperative's policies and guidelines. Failure of the member to meet any of the above conditions shall mean suspension of voting rights subject to the declaration of the board of directors until the same has been lifted upon the determination of the latter. Consequently, a member entitled to vote shall have the following additional rights:

- a. Participate and vote on all matters deliberated upon during general assembly meetings;
- b. Seek any elective or appointive position, subject to the provisions of this By-laws and the Philippine Cooperative Code of 2008;
- c. and c. Such other rights and privileges as may be provided by the General Assembly.

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## Section 10. Liability of Members.

A member shall be liable for the debts of the Cooperative only to the extent of his/her subscribed share capital.

## Section 11. Termination of Membership.

Termination of membership may be automatic, voluntary or involuntary, which shall have the effect of extinguishing all rights of a member in the Cooperative, subject to refund of share capital contribution under Section 13 hereof.

a. Automatic Termination of Membership. The death or insanity of a member shall be considered an automatic termination of his/her membership in the Cooperative.

b. Voluntary Termination. A member may, for any valid reason, withdraw his/her membership from the Cooperative by giving a sixty (60) day notice to the Board of Directors.

c. Involuntary Termination. A member may be terminated by a vote of the majority of all the members of the Board of Directors for any of the following causes:

i. Has not patronized the service(s)/business(es) of the Cooperative as provided for in the policies of the cooperative;

ii. Has continuously failed to comply with his/her obligations as provided for in the policies of the cooperative;

iii. Has violated any provision of this By-laws and the policies of the cooperative; and iv. For any act or omission injurious or prejudicial to the interest or the welfare of the Cooperative.

## Section 12. Manner of Involuntary Termination.

The Board of Directors shall notify in writing the member who is being considered for termination and shall give him/her the opportunity to be heard. The decision of the board of directors in writing shall be communicated in person or by registered mail to said member and is appealable within Revised March 2012 Page 4 of 20 thirty (30) days from receipt thereof to the general assembly whose decision shall be final.

## Section 13. Refund of Share Capital Contribution.

A member whose membership is terminated shall be entitled to a refund of his/her share capital contribution and all other interests in the Cooperative. However, such refund shall not be made if upon payment the value of the assets of the Cooperative would be less than the aggregate amount of its debts and liabilities exclusive of his/her share capital contribution. In which case, the member shall continue to be entitled to the interest of his/her share capital contributions, patronage refund and the use of the services of the Cooperative until such time that all his/her interests in the Cooperative shall have been duly paid.

## **ARTICLE III**

### **Administration**

#### Section 1. The General Assembly (GA).

The general assembly is composed of all the members entitled to vote, duly assembled and constituting a quorum and is the highest policy-making body of the Cooperative.

#### Section 2. Powers of the General Assembly.

Subject to the pertinent provisions of the Cooperative Code and the rules issued thereunder, the general assembly shall have the following exclusive powers which cannot be delegated:

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- a. To determine and approve amendments to the cooperative Articles of Cooperation and By-laws;
- b. To elect or appoint the members of the board of directors, and to remove them for cause;
- c. To approve developmental plans of the cooperative; and d. To delegate the following power/s to a smaller body of the cooperative:

i. \_\_\_\_\_

ii. \_\_\_\_\_

## Section 3.

**Meetings.** Meetings of the general assembly, board of directors and committees may be regular or special. All proceedings and business(es) undertaken at any meeting of the general assembly or Board of Directors, if within the powers or authority of the Cooperative, there being a quorum, shall be valid.

## Section 4. Regular General Assembly Meeting.

The General Assembly shall hold its annual regular meeting at the principal office of the Cooperative or at any place in the Philippines within ninety (90) days after the close of its fiscal year. Section 5. Special General Assembly Meeting. The Board of Directors may, by a majority vote of all its members, call a special general assembly meeting at any time to consider urgent matters requiring immediate membership decision. The Board of Directors must likewise call a special general assembly meeting within one (1) month from receipt of a written request from:

a. at least ten percent (10%) of the total number of members entitled to vote;

b. the Audit Committee;

or c. the Federation or Union to which the Cooperative is a member; or Revised March 2012 Page 5 of 20

d. upon Order of the Cooperative Development Authority.

## Section 6. Notice of Meeting.

All notices of meetings shall be in writing and shall include the date, time, place, and agenda thereof stated therein.

- a. Regular General Assembly Meeting. Notice of the annual regular general assembly meeting shall be served by the Secretary, personally or his/her duly authorized representative, by registered mail, or by electronic means to all members of record at his/her last known postal address, or by posting or publication, or through other electronic means, at least one (1) week before the said meeting.

It shall be accompanied with an agenda, minutes of meeting of the last general assembly meeting, consolidated reports of the Board of Directors and Committees, audited financial statements, and other papers which may assist the members to intelligently participate in the proceedings.

b. Special General Assembly Meeting. Notice of any special general assembly meeting shall be served by the Secretary personally or his/her duly authorized representative, by registered mail, or by electronic means upon each members who are entitled to vote at his/her last known postal address, or by posting or publication, or through other electronic means, at least one (1) week before the said meeting. It shall state the purpose and, except for related issues, no other business shall be considered during the meeting.

c. Waiver of Notice. Notice of any meeting may be waived, expressly or impliedly, by the member concerned.

## Section 7. Order of Business.

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As far as practicable, the order of business of a regular general assembly meeting shall be:

- a. Call to order
- b. Declaration/Consideration of presence of quorum;
- c. Reading, consideration and approval of the minutes of the previous meeting;
- d. Presentation and approval of the reports of the board of directors, officers, and the committees, including audited financial statements of the Cooperative;
- e. Unfinished business;
- f. New business;
- i. Election of directors and committee members
  - ii. Approval of Development and/or annual Plan and Budget
  - iii. Hiring of External Auditor
  - iv. Other related business matters
- g. Announcements;
- and h. Adjournment

## **Section 8. Quorum for General Assembly Meeting.**

During regular or special general assembly meeting, at least \_\_\_\_\_ percent ( \_\_\_\_\_ %) of the total number of members entitled to vote shall constitute a quorum.

Section 9. Voting System. Only members entitled to vote shall be qualified to participate and vote in any general assembly meeting. A member is entitled to one vote only regardless of the number of shares he/she owns. Revised March 2012 Page 6 of 20 Election or removal of Directors and Committee members shall be by secret ballot. Action on all matters shall be in any manner that will truly and correctly reflect the will of the membership. No proxy and/or cumulative voting shall be allowed.

## **ARTICLE IV Board of Directors**

### **Section 1. Composition of the Board of Directors (BOD).**

The Board of Directors shall be composed of \_\_\_\_\_ ( ) members.

Section 2. Functions and Responsibilities. The Board of Directors shall have the following functions and responsibilities: a. Provide general policy direction;

- b. Formulate the strategic development plan;
- c. Determine and prescribe the organizational and operational structure;
- d. Review the Annual Plan and Budget and recommend for the approval of the GA;
- e. Establish policies and procedures for the effective operation and ensure proper implementation of such;
- f. Evaluate the capability and qualification, and recommend to the GA the engagement of the services of the External Auditor;
- g. Appoint the members of the Mediation/ Conciliation and Ethics Committees and other Officers as specified in the Code and cooperative By-laws;

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- h. Declare the members entitled to vote;
- i. Decide election related cases involving the Election Committee and its members;
- j. Act on the recommendation of the Ethics Committee on cases involving violations of Code of Governance and Ethical Standards;
- and k. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.

## Section 3. Qualifications.

Any member who are entitled to vote and has the following qualifications can be elected or continue as member of the Board of Directors:

- a. Has paid the minimum capital requirement;
- b. Has no delinquent account with the cooperative;
- c. Have continuously patronized the cooperative services;
- d. A member in good standing for the last two (2) years;
- e. Completed or willingness to complete within the prescribed period the required education and training whichever is applicable;
- and f. Other qualifications prescribed in the Implementing Rules of Regulations (IRR) of R.A. 9520.

## Section 4. Disqualifications.

Any member who is under any of the following circumstances shall be disqualified to be elected as a member of the Board of Directors or any committee, or to continue as such:

- a. Holding any elective position in the government, except that of a party list representative being an officer of a cooperative he/she represents; Revised March2012 Page 7 of 20
- b. The members of the board of directors shall not hold any other position directly involved in the day-to-day operation and management of the cooperative;
- c. Having direct or indirect personal interest with the business of the Cooperative;
- d. Having been absent for in three (3) consecutive meetings or in more than fifty percent (50%) of all meetings within the twelve (12) month period unless with valid excuse as approved by the board of directors;
- e. Being an official or employee of the Cooperative Development Authority, except in a cooperative organized among themselves;
- f. Having been convicted in administrative proceedings or civil/criminal suits involving financial and/or property accountability;
- and g. Having been disqualified by law.

Section 5. Election of Directors. The members of the Board of Directors shall be elected by secret ballot by members entitled to vote during the annual regular general assembly meeting or special general assembly meeting called for the purpose. Unless earlier removed for cause, or have resigned or become incapacitated, they shall hold office for a term of \_\_\_\_\_ ( ) years or until their successors shall have been elected and qualified; Provided, that majority of the elected directors obtaining the highest number of votes during the first election after registration shall serve for two (2) years, and the remaining directors for one (1) year. Thereafter, all directors shall serve for a term of \_\_\_\_\_ ( ) years. The term of the cooperating directors shall expire upon the election of their successors in the first regular general assembly after registration.

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## Section 6. Election of Officer within the Board.

The Board of Directors shall convene within ten (10) days after the general assembly meeting to elect by secret ballot from among themselves the Chairperson and the ViceChairperson, and to elect or appoint the Secretary and Treasurer from outside of the Board. For committees elected by the General Assembly and/or appointed by the BOD, procedural process of electing the Chairperson, Vice-Chairperson or other positions among themselves should be in accordance with the process mentioned above.

Section 7. Meeting of the Board of Directors. The regular meeting of the Board of Directors shall be held at least once a month. However, the Chairperson or majority of the directors may at any time call a special Board meeting to consider urgent matters. The call shall be addressed and delivered through the Secretary stating the date, time and place of such meeting and the matters to be considered. Notice of regular and special meetings of the Board of Directors, unless dispensed with, shall be served by the Secretary in writing or through electronic means to each director at least two (2) days before such meeting. Majority of the total number of directors constitutes a quorum to transact business. Any decision or action taken by the majority members of the Board of Directors in a meeting duly assembled shall be a valid cooperative act. Revised March2012 Page 8 of 20

## Section 8. Vacancies.

Any vacancy occurring in the Board of Directors by reason of death, incapacity, removal or resignation may be filled-up by a majority vote of the remaining directors, if still constituting a quorum; otherwise, such vacancy shall be filled by the general assembly in a regular or special meeting called for the purpose. The elected director shall serve only for the unexpired term of his/her predecessor in office. In the event that the general assembly failed to muster a quorum to fill the positions vacated by directors whose term have expired and said directors refuse to continue their functions on a hold-over capacity, the remaining members of the Board together with the members of the Audit Committee shall designate, from the qualified regular members of the general assembly, their replacements who shall serve temporarily as such until their successors shall have been elected and qualified in a regular or special general assembly meeting called for the purpose. If a vacancy occurs in any elective committee it shall be filled by the remaining members of the said committee, if still constituting a quorum, otherwise, the Board, in its discretion, may appoint or hold a special election to fill such vacancy.

Section 9. Removal of Members of the Board of Directors and Committee Members. All complaints for the removal of any elected officer shall be filed with the Board of Directors and such officer shall be given the opportunity to be heard. Majority of the Board of Directors may place the officer concerned under preventive suspension pending the resolution of the investigation. Upon finding of a prima facie evidence of guilt, the Board of Directors shall present its recommendation for removal to the general assembly. For this purpose, the Board of Directors shall provide policy on suspension. An elective officer may be removed by three-fourths ( $\frac{3}{4}$ ) of the regular members present and constituting a quorum, in a regular or special general assembly meeting called for the purpose. The officer concerned shall be given the opportunity to be heard at said assembly. In cases where the officers sought to be removed consist of the majority of the BOD at least 10% of the members with voting rights may file a petition with the CDA upon failure of the BOD to call an assembly meeting to commence the proceeding for their removal. The decision of the GA on the matter is final and executory. An officer appointed by the Board of Directors may be removed from office for cause by a majority vote of all the members of the Board of Directors. Section 10. Prohibitions. Any member of the Board of Directors shall not hold any other position directly involved in the day-to-day operation and management of the cooperative nor engage in any business similar to that of the cooperative or who in any way has a conflict of interest with it.

## **ARTICLE V Committees**

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## Section 1. Audit Committee.

An Audit Committee is hereby created and shall be composed of \_\_\_\_\_ ( ) members to be elected during a general assembly meeting and shall hold office for a term of one (1) year or until their successors shall have been elected and qualified. Within ten (10) days after their election, they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary. No member of the committee shall hold Revised March2012 Page 9 of 20 any other position within the Cooperative during his/her term of office. The Committee shall provide internal audit service, maintain a complete record of its examination and inventory, and submit an audit report quarterly or as may be required by the Board and the general assembly. The audit committee shall be directly accountable and responsible to the General Assembly. It shall have the power and duty to continuously monitor the adequacy and effectiveness of the cooperative's management control system and audit the performance of the cooperative and its various responsibility centers.

Section 2. Functions and Responsibilities. The Audit Committee shall:

- a. Monitor the adequacy and effectiveness of the cooperative's management and control system;
  - b. Audit the performance of the cooperative and its various responsibility centers;
  - c. Review continuously and periodically the books of account and other financial records to ensure that these are in accordance with the cooperative principles & generally accepted accounting procedures;
  - d. Submit reports on the results of the internal audit and recommend necessary changes on policies and other related matters on operation to the Board of Directors and GA;
  - e. Recommend or petition to the Board of Directors the conduct of special general assembly when necessary;
  - f. Perform such other functions as may be prescribed in the By-laws or authorize by the GA.
- Section 3. Election Committee. An Election Committee is hereby created and shall be composed of \_\_\_\_\_ ( ) members to be elected during a general assembly meeting and shall hold office for a term of one (1) year or until their successors shall have been elected and qualified. Within ten (10) days after their election they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary. No member of the committee shall hold any other position within the Cooperative during his/her term of office.

## Section 4. Functions and Responsibilities.

The Election Committee shall:

- a. Formulate election rules and guidelines, and recommend to the GA for approval;
- b. Implement election rules and guidelines duly approved by the GA;
- c. Recommend necessary amendments to the election rules and guidelines, in consultation with the Board of Directors, for approval of the GA;
- d. Supervise the conduct, manner and procedure of election and other election related activities and act on the changes thereto;
- e. Canvass and certify the results of the election;
- f. Proclaim the winning candidates;
- g. Decide election and other related cases except those involving the Election Committee or its members,
- and h. Perform such other functions as prescribed in the By-laws or authorized by the GA.

Section 5. Education and Training Committee. An Education and Training Committee is hereby created and shall be composed of \_\_\_\_\_ ( ) members to be appointed by the Board of Directors and shall serve for a term of one (1) year, without prejudice to their reappointment. Within ten

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Revised March2012 Page 10 of 20 (10) days after their appointment, they shall elect from among themselves a Vice-Chairperson and a Secretary. The Vice-Chairperson of the Board of Directors shall act as the Chairperson of the Committee. The committee shall be responsible for the planning and implementation of the information, educational and human resource development programs of the Cooperative for its members, officers and the communities within its area of operation.

**Section 6. Functions and Responsibilities.** The Education and Training Committee shall:

- a. Keep members, officers, staff well-informed regarding cooperative's goals/objectives, policies & procedures, services, etc.;
- b. Plan and implement educational program for coop members, officers and staff; c. Develop promotional and training materials for the cooperative; and d. Conduct/Coordinate training activities.

**Section 7. Mediation and Conciliation Committee.** A Mediation and Conciliation Committee is hereby created and shall be composed of \_\_\_\_\_ ( ) members to be appointed by the Board of Directors. Within ten (10) days after their appointment, they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary who shall serve for a term of one (1) year or until successors shall have been appointed and qualified. No member of the Committee shall hold any other position in the Cooperative during his/her term of office.

**Section 8. Functions and Responsibilities.**

The Mediation and Conciliation Committee:

- a. Formulate and develop the Conciliation-Mediation Program and ensure that it is properly implemented;
- b. Monitor Conciliation-Mediation program and processes;
- c. Submit semi-annual reports of cooperative cases to the Authority within 15 days after the end of every semester;
- d. Accept and file Evaluation Reports;
- e. Submit recommendations for improvements to the BOD;
- f. Recommend to the BOD any member of the cooperative for Conciliation-Mediation Training as Cooperative Mediator-Conciliator;
- g. Issue the Certificate of Non-Settlement;
- and h. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.

**Section 9. Ethics Committee.** An Ethics Committee is hereby created and shall be composed of \_\_\_\_\_ ( ) members to be appointed by the Board of Directors. Within ten (10) days after their appointment, they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary who shall serve for a term of one (1) year or until successors shall have been appointed and qualified. No member of the Committee shall hold any other position in the Cooperative during his/her term of office.

**Section 10. Functions and Responsibilities.**

The Ethics Committee shall:

- a. Develop Code of Governance and Ethical Standard to be observed by the members, officers and employees of the cooperative subject to the approval of the BOD and ratification of the GA; Revised March2012 Page 11 of 20
- b. Disseminate, promote and implement the approved Code of Governance and Ethical Standards;
- c. Monitor compliance with the Code of Governance and Ethical Standards and recommend to the BOD measures to address the gap, if any;

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- c. d. Conduct initial investigation or inquiry upon receipt of a complaint involving Code of Governance and Ethical Standards and submit report to the BOD together with the appropriate sanctions;
- d. e. Recommend ethical rules and policy to the BOD;
- e. f. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.
- f. Section 11. Other Committees.

By a majority vote of all its members, the Board of Directors may form such other committees as may be deemed necessary for the operation of the Cooperative.

## **ARTICLE VI Officers and Management Staff of the Cooperative**

### **Section 1. Officers and their Duties.**

The officers of the cooperative shall include the Members of the Board of Directors, Members of the Different Committees created by the General Assembly, General Manager or Chief Executive Officer, Secretary, Treasurer and members holding other positions as may be provided for in this By-laws, shall serve according to the functions and responsibilities of their respective offices as follows:

#### a. Chairperson – The Chairperson shall:

- i. Set the agenda for board meetings in coordination with the other members of the BOD;
- ii. Preside over all meetings of the Board of Directors and of the general assembly;
- iii. Sign contracts, agreements, certificates and other documents on behalf of the cooperative as authorized by the Board of Directors or by the GA;
- iv. Issue Certificate of Non-Affiliation with the Federation or Union; and v. Perform such other functions as may be authorized by the BOD or by the GA.

#### b. Vice-Chairperson – the Vice-Chairperson shall:

- i. Perform all the duties and responsibilities of the Chairperson in the absence of the latter;
- ii. Act as Ex-Officio Chairperson of the Education and Training Committee;
- and iii. Perform such other duties as may be delegated by the board of directors.

#### c. Treasurer – The Treasurer shall:

- i. Ensure that all cash collections are deposited in accordance with the policies set by the BOD;
- ii. Have custody of all funds, securities, and documentations relating to all assets, liabilities, income and expenditures; Revised March 2012 Page 12 of 20
- iii. Monitor and review the financial management operations of the cooperative, subject to such limitations and control as may be prescribed by BOD;
- iv. Maintain full and complete records of cash transactions;
- v. Maintain a Petty Cash Fund and Daily Cash Position Report;
- and vi. Perform such other functions as may be prescribed in this Bylaws

#### d. Secretary – The Secretary shall:

- i. Keep an updated and complete registry of all members Record, prepare and maintain records of all minutes of all meetings of the BOD & the GA;

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- ii. Ensure that necessary BODs' actions and decisions are transmitted to the management for compliance and implementation;
  - iii. Issue and certify the list of members who are in good standing and entitled to vote as determined by the BOD;
  - iv. Prepare and issue Share Certificates;
  - v. Serve notice of all meetings called and certify the presence of quorum of all meetings of the BOD and GA;
  - vi. Keep copy of the Treasurer's report & other reports;
  - vii. Keep and maintain the Share & Transfer Book;
  - viii. Serve as custodian of the cooperative seal;
  - and ix. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.
- e. General Manager. The General Manager shall:

- i. Oversee the overall day-to-day business operations of the cooperative by providing general direction, supervision, management and administrative control over all the operating departments subject to such limitations as may be set forth by the BOD or the GA;
- ii. Formulate and recommend in coordination with the operating departments under his/her supervision, the Cooperative's Annual and Medium Term Development Plan, programs and projects, for approval of the BOD and ratification of GA;
- iii. Implement the duly approved plans and programs of the cooperative and any other directive or instruction of the BODs;
- iv. Provide and submit to the BODs monthly reports on the status of the coop's operation vis-a-vis its target and recommend appropriate policy or operational changes, if necessary;
- v. Represent the cooperative in any agreement, contract, business dealings, and in any other official business transaction as may be authorized by the BODs;
- vi. Ensure compliance with all administrative and other requirements of regulatory bodies; and vii. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.
- vii.

### Section 2. Liabilities of Directors, Officers and Committee Members.

Directors, officers and committee members, who willfully and knowingly vote for or assent to patently unlawful acts, or who are guilty of gross negligence or bad faith in directing the affairs of the Cooperative or acquire any personal or pecuniary interest in conflict with their duties as Directors, officers or committee members shall be liable jointly and severally for all Revised March2012 Page 13 of 20 damages resulting therefrom to the Cooperative, members and other persons. When a director, officer or committee member attempts to acquire, or acquires in violation of his/her duties, any interest or equity adverse to the Cooperative in respect to any matter which has been reposed in him/her in confidence, he/she shall, as a trustee for the Cooperative, be liable for damages or loss of profits which otherwise would have accrued to the Cooperative.

Section 3. Management Staff. A core management team composed of manager, cashier, bookkeeper, accountant, and other position as may be necessary or as provided for in their Human Resource Manual shall take charge of the day-to-day operations of the cooperative. The

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Board of Directors shall appoint, fix their compensation and prescribe for the functions and responsibilities.

**Section 4. Qualification of the General Manager.** No person shall be appointed to the position of general manager unless he/she possesses the following qualifications and none of the disqualifications herein enumerated:

- a. Must be familiar with the business operation of the Cooperative;
- b. Must have at least two (2) years experience in the operations of Cooperative or related business;
- c. Must not be engaged directly or indirectly in any activity similar to the business of the Cooperative;
- d. Must not have been convicted of any administrative, civil or criminal cases involving moral turpitude, gross negligence or grave misconduct in the performance of his/her duties;
- e. Must be of good moral character; f. Must not have been convicted of any administrative, civil or criminal case involving financial and/or property accountabilities at the time of his/her appointment;

and g. Must undergo pre-service and/or in-service trainings. **Section 5. Duties of Cashier.** The Cashier of the Cooperative, who shall be under supervision and control of the General Manager shall:

- a. Handles monetary transactions; b. Receives/collects payments and deposits;
- c. Responsible for money received and expended; d. Prepares reports on money matters; and e. Perform such other duties as the Board of Directors may require.

**Section 6. Duties of the Accountant.** The Accountant of the Cooperative, who shall be under supervision and control of the General Manager shall:

- a. Install an adequate and effective accounting system within the Cooperative;
- b. Render reports on the financial condition and operations of the Cooperative monthly, annually or as may be required by the Board of Directors and/or the general assembly;
- c. Provide assistance to the Board of Directors in the preparation of annual budget;
- d. Keep, maintain and preserve all books of accounts, documents, vouchers, contracts and other records concerning the business of the Cooperative and make them available for auditing purposes to the Chairperson of the Audit Committee; and e. Perform such other duties as the Board of Directors may require. Revised March2012 Page 14 of 20

**Section 7. Duties of the Bookkeeper.**

The bookkeeper of the Cooperative who is under supervision and control of the Accountant shall:

- a. Records and update books of accounts;
- b. Provide assistance in the preparation of reports on the financial condition and operations of the Cooperative monthly, annually or as may be required by the Board of Directors and/or the general assembly;
- c. Keep, maintain and preserve all books of accounts, documents, vouchers, contracts and other records concerning the business of the Cooperative and make them available for auditing purposes to the Chairperson of the Audit Committee;

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and d. Perform such other duties as the Board of Directors may require.

**Section 8. Qualifications of Accountant, Cashier, and Bookkeeper.** No person shall be appointed to the position of accountant and bookkeeper unless they possess the following qualifications and none of the disqualifications herein enumerated:

- a. Bachelors degree in accountancy must be required for Accountant, however, Cashier and Bookkeeper must be knowledgeable in handling monetary transactions, accounting and bookkeeping;
  - b. Must have at least two (2) years experience in Cooperative or related business;
  - c. Must not be engaged directly or indirectly in any activity similar to the business of the Cooperative;
  - d. Must not be convicted of any administrative, civil or criminal case involving moral turpitude, gross negligence or grave misconduct in the performance of his/her duties;
  - e. Must be of good moral character; f. Must be willing to undergo pre-service and/or in-service trainings in accounting;
- and g. Must not have been convicted of any administrative, civil or criminal case involving financial and/or property accountabilities at the time of his/her appointment.

## **Section 9. Compensation.**

Subject to the approval of the general assembly, the members of the Board of Directors and Committees may, in addition to per diems for actual attendance to board and committee meetings, and reimbursement of actual and necessary expenses while performing functions in behalf of the cooperative, be given regular compensation; Provided, further, that the directors and officers shall not be entitled to any per diem when, if in the preceding calendar year, the cooperative reported a net loss or had a dividend rate less than the official inflation rate for the same year.

## **ARTICLE VII Capital Structure**

**Section 1. Source of Funds.** The Cooperative may derive its funds from any or all of the following sources:

- a. Member's share capital contribution;
- b. Loans and borrowings including deposits;
- c. Revolving capital build-up which consist of the deferred payment of patronage refund or interest on share capital;
- d. Subsidies, grants, legacies, aids, donation and such other assistance from any local or foreign institution, public or private; Revised March2012 Page 15 of 20
- e. Retentions from the proceeds of services acquired /goods procured by members; and f. Other sources of funds as may be authorized by law.

## **Section 2. Continuous Capital Build-Up.**

Every member shall have invested in any or all of the following:

- a. At least \_\_\_\_\_Pesos (P \_\_\_\_\_)per month;
- b. At least \_\_\_\_\_ percent (\_\_\_%) of his/her annual interest on capital and patronage refund;

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and c. At least \_\_\_\_\_ percent (\_\_\_%) of each good procured /service acquired from the cooperative. Section 3. Borrowing. The Board of Directors, upon approval of the General Assembly, may borrow funds from any source, local or foreign, under such terms and conditions that best serve the interest of the Cooperative.

## Section 4. Revolving Capital.

To strengthen the capital structure of the Cooperative, the General Assembly may authorize the Board of Directors to raise a revolving capital by deferring the payment of patronage refunds and interest on share capital, or such other schemes as may be legally adopted. To implement this provision, the Board of Directors shall issue a Revolving Capital Certificate with serial number, name, rate of interest, date of retirement and such other privileges or restrictions as may be deemed just and equitable.

## Section 5. Retentions.

The General Assembly may authorize the Board of Directors to raise additional capital by deducting a certain percent on a per unit basis from the proceeds of services acquired and/or goods procured by members. Section 6. Share Capital Contribution. Share Capital Contribution refers to the value of capital subscribed and paid for by a member in accordance with its Articles of Cooperation.

Section 7. Share Capital Certificate. The Board of Directors shall issue a Share Capital Certificate only to a member who has fully paid his/her subscription. The Certificate shall be serially numbered and contain the share holder's name, the number of shares owned, the par value, and duly signed by the Chairperson and the Secretary, and bearing the official seal of the cooperative. All certificates issued and/or transferred shall be registered in the cooperative's Share and Transfer Book. The number of paid share required for the issuance of Share Capital Certificate shall be determined by the Board of Directors. The shares may be purchased, owned or held only by persons who are eligible for membership. Subject to existing government rules or laws, interests shall be paid only to paid-up shares which may be in cash; or credited as payment of unpaid subscriptions, outstanding accounts, or additional shares or to the revolving fund of the cooperative.

Section 8. Transfer of Shares. The Cooperative shall have the first option to buy any share offered for sale. The amount to be paid for such shares shall be the par value provided that: a. He has held such shares or interests for not less than one (1) year; Revised March2012 Page 16 of 20 b. The transfer is made to a member of the cooperative or to a person who falls within the field of membership of the cooperative, and that said person is acceptable to the cooperative; and c. The Board of Directors has approved such transfer. The transfer of shares shall not be binding to the cooperative until such transfer has been registered in the share and transfer book. No transfer shall be completed until the old certificate have been endorsed and surrendered to the Cooperative and a new certificate is issued in the name of the member-transferee. The corresponding transfer fee shall be collected from the transferee as prescribed in the cooperative policy. In case of lost or destroyed share certificate, the Board of Directors may issue a replacement after the owner thereof executes a sworn affidavit, setting forth the following:

- a. Circumstances as to how, when and where said certificate was lost or destroyed;
- b. The serial number of the certificate; and the number of shares it represents;
- c. The lost or destroyed certificate has never been transferred, sold or endorsed to any third party, that should the same be found, the owner shall surrender it to the cooperative; and d.

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That any false representation or statement made in the aforesaid affidavit shall be a ground for expulsion from the cooperative.

## ARTICLE VIII Operations

### Section 1. Primary Consideration.

Adhering to the principle of service over and above profit, the Cooperative shall endeavor to:

a. Engage in:

- i. \_\_\_\_\_
- ii. \_\_\_\_\_
- iii. \_\_\_\_\_
- iv. \_\_\_\_\_
- v. \_\_\_\_\_

b. Formulate and implement program strategies that will provide its members and the communities within its area of operation needed goods/services;

c. Adopt and implement plans and programs which ensure the continued build-up of the cooperative's capital structure with the end view of establishing other needed services for the members and the public; d. Formulate and implement studies and/or programs that will address the needs of members.

## ARTICLE IX Allocation and Distribution of Net Surplus

Section 1. Allocation - At the end of its fiscal year, the Cooperative shall allocate and distribute its net surplus as follows: a. Reserve Fund. \_\_\_\_\_ percent (\_\_\_\_%) shall be set aside for Reserve Fund subject to the following rules, provided, that in the first five (5) years of operation after registration, this amount shall not be less than fifty per centum (50%) of the net surplus:  
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i. The reserve fund shall be used for the stability of the Cooperative and to meet net losses in its operations. The general assembly may decrease the amount allocated to the reserve fund when it has already exceeded the authorized share capital. Any sum recovered on items previously charged to the reserve fund shall be credited to such fund.

ii. The reserve fund shall not be utilized for investment, other than those allowed in the Cooperative Code. Such sum of the reserve fund in excess of the authorized share capital may be used at any time for any project that would expand the operations of the cooperative upon the resolution of the general assembly. iii. Upon the dissolution of the cooperative, the reserve fund shall not be distributed among the members. However, the general assembly may resolve:

a. To establish usufructuary fund for the benefit of any federation or union to which the cooperative is affiliated; or b. To donate, contribute or otherwise dispose of the amount for the benefit of the community where the cooperative operates. If the member could not decide on the disposition of the reserve fund, the same shall be given to the federation or union to which the cooperative is affiliated.

b. Education and Training Fund. \_\_\_\_\_ percent (\_\_\_\_%) shall be set aside for Education and Training Fund.

i. Half of the amount allocated to the education and training fund annually under this subsection may be spent by the cooperative for education and training purposes; while the other half may be remitted to a union or federation chosen by the cooperative or of which it is a member.

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ii. Upon the dissolution of the cooperative, the unexpended balance of the education and training fund pertaining to the cooperative shall be credited to the cooperative education and training fund of the chosen union or federation.

c. Community Development Fund. \_\_\_\_\_percent (\_\_\_\_%)shall be used for projects and activities that will benefit the community where the cooperative operates.

d. Optional Fund. \_\_\_\_\_percent (\_\_\_\_%)shall be set aside for Optional Fund for land and building, and any other necessary fund.

## Section 2. Interest on Share Capital and Patronage Refund.

The remaining net surplus shall be made available to the members in the form of interest on share capital not to exceed the normal rate of return on investment and patronage refunds. Provided, that any amount remaining after the allowable interest and the patronage refund have been deducted shall be credited to the reserved to the reserve fund. The sum allocated for patronage refund shall be made available at the same rate to all patrons of the cooperative in proportion to their individual patronage, provided that:

a. In the case of a member patron with paid-up share capital contribution, his/her proportionate amount of patronage refund shall be paid to him/her unless he/she agrees to credit the amount to his/her account as additional share capital contribution; Revised March2012 Page 18 of 20

b. In the case of member patron with unpaid share capital contribution, his/her proportionate amount of patronage refund shall be credited to his/her account until the share capital has been fully paid;

c. In the case of non-member patron, his/her proportionate amount of patronage refunds shall be set aside in a general fund for such patron and shall be allocated to individual non-member patron and only upon request and presentation of evidence of the amount of his/her patronage. The amount so allocated shall be credited to such patron toward payment of the minimum capital contribution for membership. When a sum equal to this amount has accumulated at any time within two (2 ) years, such patron shall be deemed and become a member of the cooperative if he/she so agrees or requests and complies with the provisions of the bylaws for admission to membership;

and d. If within the period specified hereof, any subscriber who has not fully paid his/her subscribed share capital or any non-member patron who has accumulated, the sum necessary for membership, but who does not request nor agree to become a member or fails to comply with the provisions of this bylaws for admission to membership, the amount so accumulated or credited to their account together with any part of the general fund for non-member patron shall be credited to the Reserve Fund or to the Education And Training Fund of the cooperative, at the option of the cooperative.

## **ARTICLE X Settlement of Disputes**

**Section 1. Mediation** and Conciliation. All inter and intra-cooperative disputes shall be settled within the cooperative in accordance with the pertinent Guidelines issued by the Cooperative Development Authority, Art. 137 Of Republic Act No. 9520 and its Implementing Rules and Regulations, Alternative Dispute Resolution Act of 2004 and its supplementary laws.

## **Section 2. Voluntary Arbitration.**

Any dispute, controversy or claim arising out of or relating to this By-laws, the cooperative law and related rules, administrative guidelines of the Cooperative Development Authority, including disputes involving members, officers, directors, and committee members, intra-

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cooperative disputes and related issues, and any question regarding the existence, interpretation, validity, breach or termination of agreements, or the membership/general assembly concerns shall be exclusively referred to and finally resolved by voluntary arbitration under the institutional rules promulgated by the Cooperative Development Authority, after compliance with the conciliation or mediation mechanisms embodied in the bylaws of the cooperative, and in such other applicable laws.

## **Article XI Miscellaneous**

### **Section 1. Investment of Capital.**

The Cooperative may invest its capital in any or all of the following:

- a. Shares or debentures or securities of any other cooperative;
- b. Any reputable bank in the locality or any cooperative and cooperative banks;
- c. Securities issued or guaranteed by Government;
- d. Real Estate primarily for the use of the Cooperative or its members; or Revised March 2012  
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- e. In any other manner approved by the general assembly.

**Section 2. Accounting System.** The Cooperative shall keep, maintain and preserve all its books of accounts and other financial records in accordance with generally accepted accounting principles and practices, applied consistently from year to year, and subject to existing laws, rules and regulations.

**Section 3. Financial Audit, Performance Audit, and Social Audit.** At least once a year, the Board of Directors shall cause, in consultation with the Audit Committee, the audit of the books of accounts of the Cooperative, performance audit and social audit by CDA Accredited Independent Certified Public Accountant, Accredited Social Auditor, and Cooperative Compliance Officer/Audit Committee.

**Section 4. Annual Report.** During the annual regular assembly meeting, the Cooperative shall submit a report of its operation to the general assembly together with the audited financial statements, performance audit and social audit reports. The annual report shall be certified by the Chairperson and Manager of the Cooperative as true and correct in all aspects to the best of their knowledge. The audited financial statements and social audit reports shall be certified by CDA Accredited Independent Auditors. The cooperative shall submit the following reports to the Authority within (120) days from the end of every calendar y