

**MANAGEMENT AND  
ADMINISTRATION MANUAL**  
for SAVINGS AND CREDIT COOPERATIVES

**NATCCO - SEDCOP FI PROGRAM**

*"Setting Standards... Building A Strong Network of FI Co-ops"*

a partnership program of the

**CANADIAN INTERNATIONAL DEVELOPMENT AGENCY  
DEVELOPPEMENT INTERNATIONAL DEJARDINS  
NATCCO NETWORK**



**2003**

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## Introduction

This Code of Ethics aims to promote professionalism among all the workforce in the savings and credit cooperative, like the directors, officers, committee members, and employees in the performance of their duties and responsibilities. This also helps to elevate the standards and public image of savings and credit cooperatives as a network. Saving and credit cooperatives are engaged in the business of banking and finance. Hence, it is imperative that the members and the public in general must have complete trust and confidence in the officers and personnel whom they are dealing with in savings and credit cooperatives.

This Code of Ethics sets out the code of conduct and ethical standards that will guide the directors, officers, committee members, and employees in the performance of their duties in a savings and credit cooperative. Conduct of officials and employees in breach of this Code of Ethics may result in termination of membership or removal from office under Articles 31, 43, 47, 49, 50, and 51 of the Cooperative Code of the Philippines, and pursuant to the Articles of Cooperation and By-Laws of the savings and credit cooperative.

This Code contains statements of basic principles which are used in general terms in connection with the operations of savings and credit cooperatives. Nevertheless, there are several sources of ethical standards, such as the provisions of the Cooperative Code, Articles of Cooperation and By-Laws, Personnel Policies, the universally accepted Cooperative Principles, and some laws related to ethics which are supplementary to this Code of Ethics. Moreover, this paper aims to codify, simplify, and consolidate all the different sources of ethical standards for easy guidance and reference to the users, and to facilitate its implementation in the cooperative.

This Code of Ethics for savings and credit cooperatives is prepared with the understanding that personal integrity is a quality which cannot be created or preserved by written rules alone. A code of conduct, like laws, cannot be a substitute for a sense of honesty, fairness, and decency. Ultimately, the ethical conduct of the affairs of savings and credit cooperatives depend upon the understanding and judgment of the officers and management staff.

## Objectives of the Code

Specifically, this Code of Ethics aims to:

- Promote professionalism and elevate the working standards of employees;
- Build public trust and confidence among the officers and management staff;
- Promote trustworthiness, honesty, and transparency in the cooperative; and

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- Enable employees and officers to discharge their duties and responsibilities in the cooperative more effectively.

### Declaration of Policy

The operations of savings and credit cooperatives being engaged in the business of banking and finance must be vested with public trust and confidence. Thus, it is the policy of every savings and credit cooperative to promote the high standards of ethics in the service of the members and the public. Directors, Officers, Committee Members, and Employees shall at all times be accountable to the members and shall discharge their duties with utmost responsibility, integrity, competence, probity, loyalty, and uphold public interest over personal interest.

As a rule, officers and management staff must not only lead but act as a model in the community. A model officer or staff is a person who possesses the following qualities or values: honesty, trustworthiness, integrity, probity, of volunteer well being, able to make distinction between his personal situation and his responsibility to manage the cooperative, who will not place himself in conflict of interest which has an impact on the image of the cooperative, able to deal with transparency and confidentiality, does not manifest acts nor intends to commit delinquency in any of his/her accounts in the cooperative at anytime.

One very basic principle to establish public trust and confidence is that officers and management staff including their relatives must have no delinquent accounts and should comply with all the requirements of granting loans, and they must be members in good standing.

Moreover, honesty and trustworthiness are two of the foundations of banking and finance. Financial institutions like savings and credit coops depend upon the confidence of the members or clients that their funds or deposits can be safely entrusted with them. Saving and credit cooperatives must require that all officers and employees must exude absolute assurance of honesty and integrity and should be beyond reproach.

Wherefore, all directors, officers, committee members, and employees of cooperatives must observe the succeeding articles as standards of personal conduct in the discharge and execution of their official duties to ensure success of the savings and credit cooperative.

### Code of Conduct and Ethical Standards

#### 1. Conduct and Ethical Responsibility to Members

##### 1.1 Justness and Sincerity

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- a. Directors, officers, committee members, and employees shall remain true to the members and clients at all times. They must at all times abide with the laws, rules and regulations of the cooperative. They must act with justness and sincerity and shall not discriminate against anyone, especially the poor and the underprivileged. They shall at all times respect the rights of others, and shall refrain from doing acts contrary to law, good morals, good customs, public policy, public order, public safety and public interest.
- b. There shall be no special treatment for relatives and other related interests in providing services to the members. They shall not dispense or extend undue favors on account of their office to their relatives whether by consanguinity or affinity or to their business partners or interests with respect to employment, granting of loans, collections, and granting of contracts with the cooperative. They shall ensure that any decision taken is not influenced by anything other than the cooperative's best interest.

#### 1.2 Responsiveness to the members

- a. Directors, officers, committee members, and employees must be prompt, courteous, and exercise diligence, prudence, and observe honesty and good faith in dealing with the members or clients as well as with co-employees or co-officers in the cooperative.
- b. All officials and employees must attend to anyone who wants to avail himself of the services of their offices and must, at all times, act promptly and expeditiously. All official papers and documents must be processed and completed within a reasonable time from the preparation thereof and must contain, as far as practicable, not more than three (3) signatories therein. In the absence of duly authorized signatories, the official or employee next-in-rank shall sign for and in their behalf without delay.

#### 1.3 Borrowing Money or Extending Loans to Members or Clients

- a. Directors, Officers, Committee Members, and employees are prohibited to borrow money from members or clients. They are also prohibited to extend loans or financial assistance to members or clients, unless, it is gratuitous. Borrowing from or extending loans to the members will place the officer or employee in conflict of interest with the cooperative, considering that this is the ultimate function of a savings and credit cooperative.

#### 1.4 Solicitation and Acceptance of Gifts

- a. Directors, officers, committee members, and employees shall not solicit or accept directly or indirectly, any gift, gratuity, favor, entertainment, loan or anything of monetary value from any person in the course of their official duties or in connection with any operation or transaction, which may be affected by the functions of their office.

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- b. Members or clients or anyone are prohibited from offering or giving anything of value to officers or employees in connection with any transaction or business of a savings and credit cooperative.

#### 1.5 Transparency of Documents

- a. All cooperative documents and records must be made accessible to, and readily available for inspection by the members within reasonable working hours;
- b. Financial Statements, such as: the Statement of Financial Condition and Operations must be posted monthly in the cooperative's bulletin board found in a conspicuous place.

#### 1.6 Responsibility to the Stakeholders

- a. Directors, officers, committee members, and employees' final responsibility is to the stakeholders, particularly the share capital holders, depositors, and creditors if any. The business of the cooperative must make a sound profit and must be competitive in the financial market. The cooperative's obligation with creditors must also be paid promptly.
- b. They shall ensure the safety of deposits or money of the members and invest them in economically sound and safe placements with favorable rate of returns. The stakeholders must be satisfied with the services of the cooperative and maintain their loyalty and patronage.
- c. Officials and employees must think for the stability and sustainability of the cooperative as a financial institution. It must create and maintain reserves from its net surplus to address operational losses or during adverse times.

#### 1.7 Members or Clients Privacy and Confidentiality

- a. Directors, officers, committee members, and employees must observe their obligation to protect the confidentiality of members or clients' affairs. Similar respect must be paid to the privacy of fellow officers or employees. They must respect the secrecy of deposits, and certain information of the cooperative. Plans, methods, and strategies are considered to be proprietary and confidential, and they must not disclose such information without proper authorization. Respect for the privacy of members' affairs is a fundamental principle of banking and finance. The confidentiality of business, financial and personal information about the members or clients merits the same care as does protection of their funds, therefore, this will also help to develop trust and confidence to the savings and credit cooperative.

## 2. Conduct and Ethical Responsibility in the Credit Management

### 2.1 Commitment to Coop Interest Over Personal Interest