

GUIDELINES ON ACCREDITATION OF COOPERATIVES AS COLLECTING AGENTS OF THE SOCIAL SECURITY SYSTEM

Pursuant to Section 4(a)(5) of the Social Security Act (Republic Act No. 1161, as amended by Republic Act No. 8282) in relation to Section 4(a)(1), these guidelines are hereby issued to provide a mechanism whereby Self-employed and Voluntary Members of the SSS may pay their obligations to the SSS through the cooperative in which they are also members.

- 1. Objectives -** This set of guidelines aims -
 - (a) to provide convenient facility for members of cooperatives, who are at the same time Self-employed and Voluntary Members of the SSS, to pay their contributions and other obligations to the SSS;
 - (b) to ensure faster crediting of payments made by the payor; and
 - (c) to give incentives to cooperatives in encouraging their members to pay their contributions and other obligations to the SSS.

2. Scope - This applies to regular and associate members of Primary Cooperatives who are Self-employed and Voluntary Members of the SSS.

A Primary Cooperative is a cooperative whose members are natural persons and is duly registered and in good standing with the Cooperatives Development Authority (CDA).

A Regular member is one who is entitled to all the rights and privileges of membership.

An Associate member is one who has no right to vote nor be voted upon and shall be entitled only to such rights and privileges as the bylaws of a cooperative may provide.

A Self-employed Member of the SSS is any person whose income is not derived from employment, as defined under Section 8(j) of RA 1161, as amended, as well as those workers enumerated in Section 9-A of the same Act.

A Voluntary Member of the SSS is an employee who is separated from employment or a Self-employed Member of the SSS who realizes no income in any given month, and opted to continue to pay his contributions

3. Qualifications - To be an accredited collecting agent, the cooperative must possess the following qualifications:

- (a) The cooperative is categorized as a Primary Cooperative regardless of the character of its business activities which may be credit, consumers, producers, marketing, service, or multipurpose cooperative
- (b) It must be duly registered with the CDA.
- (c) It must be in existence for at least *three (3)* years immediately preceding the date of submission of its application for accreditation.
- (d) It must be registered with the SSS as an employer and regularly paying as such.
- (e) Its operations must pass the financial evaluation criteria.

4. Procedures for Accreditation - The following procedures shall be observed in the application for accreditation, and the evaluation and processing thereof:

a. Application

(1) The Application for Accreditation shall be made available in all SSS branches nationwide.

(2) The applicant-cooperative shall fill-out and submit an application and submit the same, together with the necessary documentary requirements, to the SSS processing or receiving branch having territorial jurisdiction over its operations, or to the SSS hub branch in case the applicant operates in multiple territories, or to SSS Diliman Branch in case it operates nationwide.

(3) The application shall be accompanied with the following documents:

(a) Articles of Cooperation,

(b) By-Laws;

(c) Economic survey (which is a general statement describing the structure, purpose, economic feasibility of the proposed cooperative, area of operation, size of membership and other pertinent data);

(d) Certificate of Registration with the CDA;

(e) A favorable endorsement, issued not earlier than *six (6)* months prior to the time of filing the application, from the proper government agency in case of cooperatives engaged in the following activities:

- Air transport - from the *Civil Aeronautics Board*;

- Banking, pawnshop and other financial intermediaries with quasi-banking functions - from the *Bangko Sentral ng Pilipinas*;

- Professional boxing – from the *Games and Amusement Board*;

- Operation of games of chance – from the *Philippine Charity Sweepstakes*;

- Educational institution (college or tertiary course) – from the *Commission on Higher Education*;

- Educational institution (elementary to high school) – from the *Department of Education*;

- Educational institution (technical or vocational) – from the *Technical and Skills Development Authority*;

- Electric power plants – from the *Department of Energy*;

- Hospitals – from the *Department of Health*;

- Insurance – from the *Insurance Commission*;

- Land transport – from the *Land Transportation Franchising and Regulatory Board*;

- Water transport construction and building of vessels – from the *Maritime Industry Authority*;

- Operation of radio, television and telephone – from the *National Telecommunications Commission*;

- Recruitment for overseas employment – from the *Philippine Overseas Employment Administration*;

- Security agency – from the *Philippine National Police*;

- Manufacture, repair, storage and/or distribution of products and/or ingredients of firearms, gun powder and all those indicated in Executive Order No. 95.s-2002 Foreign Investment Negative List – from the *Philippine National Police*;

- Manufacture, repair, storage and/or distribution of products, i.e., guns, ammunition for warfare, military and all those indicated in Executive Order No. 95.s-2002 Foreign Investment Negative List – from the *Department of National Defense*;

(f) List of names and addresses of the present members of its Board of Directors;

(g) The Board Resolution, duly certified by the cooperative secretary, approving the Collection Agency Agreement (CAA) and particularly naming the officer as the authorized signatory thereto;

(h) Audited financial statements for the last *three (3)* years;

(i) Names and addresses of accountable officers to be bonded, and the estimated amount of coverage of the bond;

(j) Proposed nature of the bond to secure its performance under the CAA, and the estimated amount of coverage of the bond;

(k) List of all of the cooperative's creditors and their addresses and the corresponding nature, amount and terms of obligations;

(l) Certificate of Registration with the SSS;

(m) List of members who are Self-employed or Voluntary Members of the SSS and their corresponding Social Security (SS) number, and individual statement allowing the cooperative to collect and remit their contributions to the SSS;

(n) The CAA, signed by the person duly authorized by the applicant's Board of Directors; and the cooperative's secretary's certificate attesting to such authority;

(4) The SSS branch shall properly acknowledge the receipt of the application and its supporting documents.

b. Evaluation of Application

(1) The SSS branch, which received the application, shall perform the following:

(a) Check the completeness of the application and the required documents submitted therewith.

(b) Determine the standing of the applicant as employer-member of the SSS whether or not it complies with the law.

(c) If the branch found that documents are complete and the applicant is an SSS member in good standing, forward the application, together with the supporting document, through its cluster and group heads to the Investment

Planning and Strategy Committee (IPSCOM); otherwise, inform the applicant of the deficiencies and return the application and its supporting documents.

(2) Upon receipt of the application and its supporting documents, the IPSCOM shall evaluate them and determine if the financial operation of the cooperative meets the tests of (a) Profitability, (b) Solvency, (c) Liquidity and (d) Credit standing as provided below:

(a) Profitability - The applicant must had profitable operations during the least *three (3)* years immediately preceding the date of submission of its application for accreditation.

(b) Solvency - It must have a minimum capitalization of P1,000,000.00.

(c) Liquidity - It must have a current ratio of least 1.5:1 and a quick ratio of at least 1:1.

(d) Credit standing - It must have no past due obligation with any financial institution, a member of good standing in an association to which it belongs, and has no adverse credit findings based on the report of CIBI Information, Inc.

The above-stated criteria, together with being an SSS employer-member in good standing, are continuing requirements.

Upon a determination by the IPSCOM that the applicant passed the requirements,

(a) The IPSCOM Secretariat shall prepare the CAA;

(b) The IPSCOM Chairman shall countersign with his initials below the name of the SSS President and CEO as signatory in the CAA; and

(c) The IPSCOM shall endorse the CAA to the SSS President and CEO for approval and signature.

c. Approval of the Application and Notice

(1) The Office of the SSS President and CEO shall acknowledge the receipt of the CAA, the application and its supporting documents.

(2) If found by the SSS President and CEO that all requirements hereunder were all complied with, he shall sign the CAA in behalf of the SSS, and his Office shall return the signed CAA and all related documents to the IPSCOM.

(3) Upon receipt of the signed CAA and all related documents, the IPSCOM shall notify in writing the applicant of the approval, and inform the latter of its accreditation number, copy furnished the receiving SSS branch, General Accounting

Department, the Treasury Division, the Coverage and Collection Program Management Division, and the Office of the Executive Vice President for Operations.

(4) The IPSCOM shall forward all documents to the Cashiering Department for custody and safekeeping.

5. Procedures for Remittances, Submission of Collection Lists and Collection of Service Fees - The following procedures shall be observed in the remittance of collections, submission of collection lists therefor, and the billing and payment of the corresponding service fee:

a. Posting of Performance Security.

(1) Upon receipt of the Notice of Approval of application for accreditation, the cooperative shall submit a *Performance Security* in the form of a cash bond or a surety bond to secure its performance of its duties and obligations under the CAA, in the amount based on its estimated average monthly collection and remittances to be determined by the SSS. The *Performance Security* shall **1)** be renewable annually, **2)** callable upon demand and **3)** contain clauses and conditions answering for the liability of the cooperative for any violation of the CAA. It shall likewise **4)** answer for failure on the part of the cooperative to remit to SSS or to any of its Depository Banks all SSS payments and amortization paid through and still remaining with the cooperative despite the termination of the CAA. The Performance Security shall further **5)** provide that the Bonding Company shall be liable to the SSS to the extent of the Performance Security posted, in case the cooperative fails, refuses or defaults in the performance of any of its obligations under the CAA. It shall finally **6)** contain a condition that, except in the cash bond, for purposes of CALL notice by the SSS to the cooperative is considered as notice to the Bonding Company. t

(2) The cooperative must also have at least *two* (2) duly bonded accountable officers, namely, a cashier or treasurer, and another responsible officer to be determined by the cooperative.

(3) The Performance Security and the amount of coverage thereof shall conform to the description specified in its application.

(4) The instruments evidencing the Performance Security shall be submitted to the SSS Cashiering Department for custody and safekeeping, for which the latter shall properly acknowledge the receipt thereof.

b. Payment and Remittance.

(1) Upon posting of the required Performance Security and upon receipt thereof by the SSS of the instruments, the cooperative may start receiving payments to the SSS from its members.

(2) A member may entrust his contribution to any person authorized by the cooperative to do so, and the latter shall acknowledge the receipt thereof and issue the Official Receipt that the cooperative uses in its regular business transactions, and shall remit the same on such date as specified in the CAA to any SSS Depository Bank or branch teller, with the name of the organization indicated in the Payment Receipt Form (RS-5).

c. Preparation and Submission of Collection Lists.

(1) The cooperative shall prepare, on a monthly basis, a Collection List indicating the SS number and name of members and the amount paid with the corresponding SBR or validation number. The payors' copies of the SSS payment return forms shall be attached to the Collection List.

(2) The Collection List must be prepared in accordance with format and technical specification of the SSS Diskette Project.

(3) The cooperative shall submit the Collection List to the SSS branch where its application for accreditation was filed.

(4) The SSS branch shall follow the usual procedure in the receipt of Collection Lists in diskettes, properly accounting for and indicating on the acknowledgment receipt the number of payment receipts attached against the ones indicated in the list.

(5) The Official Receipts for the payments shall be prepared in at least *three* (3) copies: the original for the cooperative, the second copy for MAC records, and the third to be forwarded to the hub's Accounting Section.

(6) The receiving branch shall forward the Official Receipts to the Accounting Section in the hub. The latter shall prepare the voucher to support the payment of the fees.

(7) Payments made by the member himself, without the assistance of the cooperative, or those receipts not bearing the name of the cooperative shall not be covered by the CAA, such that even if his name is included in the list of members submitted by the organization or in the Collection List, the latter may not collect any incentive for such payment.

(8) The check shall be made payable to the name of the cooperative. The usual procedure in the preparation, approval and release of disbursement vouchers and checks shall be observed.