



CO-OPERATIVES' **BEST PRACTICE GUIDE**

Republic of Mauritius

2011

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Paving the way towards integrity and good governance

TABLE OF CONTENTS

Foreword & Message

Ms. Asha Burrenchobay - Permanent Secretary, Ministry of Business, Enterprise, Co-operatives and Consumer Protection (i)

Mr. A K Ujoodha - Director of ICAC (Independent Commission Against Corruption) (ii)

Hon. Michael Yeung Sik Yuen - Minister of Business, Enterprise, Co-operatives and Consumer Protection (iii)

I. Introduction 1

II. Overview 2

III. Best Practice 3

1.0. Board 3

1.1 Board of Directors 3-4

1.2 Conflict of Interests 5

1.3 Accountability and Transparency 6

1.4 Remuneration/Allowances/Fees/Benefit 7

1.5 Risk Management 8

2.0. Financial Management 9

2.1 Funds Management 9

2.2 Cash Handling 10

2.3 Management of Assets 11

3.0. Information, Communication & Control 12

3.1 Internal Control 12

3.2 Access to Information 13

3.3 Communication with Members and Stakeholders 14

3.4 Complaints Handling System 15

IV. Self-Assessment Checklist 16

V. Values & Principles of Cooperatives 24

CO-OPERATIVES' BEST PRACTICE GUIDE

Paving the way towards integrity and good governance

Foreword



I am pleased to present the Best Practice Guide for the Co-operative Sector which has been prepared by the Co-operatives Division of the Ministry of Business, Enterprise, Co-operatives and Consumer Protection in collaboration with

the Independent Commission Against Corruption. The Guide aims at assisting co-operatives in their endeavour to increasing transparency, accountability, good governance and efficiency to safeguard and promote the interest of their members.

Co-operative societies in the Republic of Mauritius are regulated by the Co-operatives Act 2005 as amended. Co-operatives are also based on a set of values and principles. The values governing co-operatives are: self-help, self-responsibility, democracy, equality, equity & solidarity. The co-operative principles are guidelines by which co-operatives put their values into practice and there are seven such principles:

- voluntary and open membership
- democratic member control,
- member economic participation,
- autonomy and independence,
- education, training and information,
- co-operation among co-operatives and
- concern for community.

The Best Practice Guide for the Co-operative Sector is in line with the co-operative legislation and the co-operative values and principles. The Co-operatives Act, the co-operative values and principles, and the Guide together constitute a harmonious framework for the co-operative movement to operate and prosper.

However, I must highlight here that all provisions of the Co-operatives Act 2005 as amended are mandatory and should be strictly complied with in order to *inter-alia* ensure sustainability and competitiveness, and to reduce operational risk factors. It is strongly recommended to use the Guide as a tool by co-operators. The Guide will also help to better prepare co-operatives to face current and future challenges.

I do trust that co-operative leaders and co-operators would support and contribute towards the effective use of the Guide.

I would like to seize this opportunity to thank all those who have contributed in drafting this document which, I am sure, will go a long way towards the development of a sound and sustainable Mauritian Co-operative Movement.

Asha Burrenchobay

Permanent Secretary

Ministry of Business, Enterprise,

Co-operatives and Consumer Protection

CO-OPERATIVES' BEST PRACTICE GUIDE

Paving the way towards integrity and good governance

Foreword

It is an undeniable fact that the co-operative movement has played an important role in the development of the country. But with time, the environment in which the movement has been operating has witnessed considerable changes and new challenges have emerged.

In countries like the United Kingdom, France, Singapore, co-operative societies have kept pace with the changing environment and have established themselves as an important sector of the economy. Co-operative societies in these countries have adopted modern management principles and measures which have made their societies more transparent and accountable to members.

With a view to further instilling a culture of integrity and probity in the Co-operative sector in the Republic of Mauritius, the Independent Commission Against Corruption (ICAC) and the Ministry of Business, Enterprise, Co-operatives and Consumer Protection (Co-operatives Division) have developed a Best Practice Guide for the Co-operative Sector. This will help them to operate in a highly competitive and demanding environment. The guide is accompanied with a self-assessment checklist for easy implementation.

The objective of this guide is to empower Co-operative Societies to promote best practices—and to take on the challenge of building their corruption resistance and reinforce their own objectives and corporate images.

We hope that Co-operative Societies will take advantage of this guide to raise and sustain the level of integrity in their respective organizations.

We would like to express our appreciation and thanks to the National Institute for Co-operative Entrepreneurship and Mauritius Co-operative Union Limited for their valuable contribution in the preparation of the Guide.

A K Ujoodha

Director General

Independent Commission Against Corruption

CO-OPERATIVES' BEST PRACTICE GUIDE

Paving the way towards integrity and good governance

Message from the Hon. John Michaël T. S. YEUNG SIK YUEN Minister of Business, Enterprise, Co-operatives and Consumer Protection



It is indeed a great pleasure for me to be associated with the publication of the “Best Practice Guide for the Co-operative Sector”. The Guide englobes all aspects that are required to empower co-operatives with the managerial skills for operating in

transparency and good governance. It also provides a user-friendly checklist to facilitate compliance and will bring value-added effect to the management of co-operatives and its effervescent impact will improve the performance of the organisations.

Co-operative organisations, as any other type of business enterprise, need to observe the principles of good governance to reach the summit of healthy and meritorious success. Transparency and accountability, which are order of the day, will ever remain the two key words in the domain of business with wide recognition.

Unlike private firms which are exclusively profit oriented, co-operatives operate on the basis of a set of values namely, self-help, self-responsibility, democracy, equality, equity and solidarity and also the co-operative principles. This Guide has been prepared by my Ministry and the Independent Commission Against Corruption taking into consideration the specificities of co-operatives.

I am fully confident that co-operatives will take advantage of this document and follow the guidelines. There is no doubt that this will bring value added to the performance of co-operatives that will lead them to unprecedented success and to even the level of ‘excellence dans la transparence’.

The co-operative sector is not only an important component for the economic development of the country but it has also been called upon to help in handling problems faced by the world in general through empowerment of the vulnerable by appropriate capacity building, pooling of resources and sharing of responsibilities.

Co-operatives have to be equipped with the necessary management tools and guidelines to be able to stand proudly in the front row of business enterprise, to achieve international benchmark and ultimately to acclaim worldwide recognition.

I, therefore, rely on the leaders of co-operatives to empower their employees without any selfish motive and put into practice this “Best Practice Guide”. Along with the responsibilities, leaders have to give expressed authority to experiment the guidelines and also to cater for long term ‘succession planning’.

I reiterate, here, the commitment of the present Government to modernize the co-operative sector through the measures announced in the Government Programme 2010-2015 – The introduction of this “best practice guide for the co-operative sector” is a concrete example.

I take this opportunity to make an appeal to all co-operatives to operate in line with the guidelines contained in this document and reap the consequential benefits. I sincerely hope that the Guide is endowed with its due recognition and receives tremendous overwhelming response from co-operatives.

Hon. J. M. T. S. Yeung Sik Yuen
*Minister of Business, Enterprise,
Co-operatives and Consumer Protection*

INTRODUCTION

Co-operatives are democratic, member-run, and member-financed self-help enterprises. They have been a model of bringing people across all spheres of society together in common economic and social interests. In Mauritius and Rodrigues co-operatives comprise nearly 160,000 members grouped into approximately 960 active co-operative societies. These societies, regulated by the Co-operatives Act 2005 as amended, play a vital role in the domestic economy yielding turnover of roughly Rs 4.5 billion annually.

Most commonly found in the agricultural sector, co-operatives are providing significant results in the production of sugar, vegetable, fruits, milk, meat and fish but also seeing gains in other sectors such as finance (savings and credit co-operatives) and transportation (bus-owners co-operatives) as well. It is also to be noted that since the coming into force of the Small and Medium Enterprise Development Authority Act 2010, Co-operatives are also considered as Small and Medium Enterprise.

Despite far-reaching success, the co-operative sector in the Republic of Mauritius is facing new challenges requiring increased efficiency and improvement of management capabilities and competencies. Now, more than ever, co-operatives must renew their commitment to directly enhancing socio-economic conditions of members by undertaking value-added operations and encouraging member participation through innovative, improved, and diversified services. More importantly, co-operatives must improve their governance system by adopting best practices.

In this context, the Co-operatives Division of the Ministry of Business, Enterprise, Co-operatives and Consumer Protection in collaboration with the Independent Commission Against Corruption has compiled a "Best Practice Guide for the Co-operative Sector". This guide is intended to pave the way towards improved integrity, good governance, and accountability at the co-operative society level.

The Guide has been designed in such a way as to cover areas which are often overlooked or poorly implemented consisting of the following three main sections:

- *Board*
- *Financial Management*
- *Information, Communication and Control*

It is hoped that those directing and managing co-operative societies will implement the guidelines contained herein to manage the affairs of their members in a fair, transparent, and efficient manner.

A self-assessment checklist has been included at the end of this guide to help in the implementation of best practice and identify areas for improvement based on the co-operative values and principles, this guide complements existing co-operative legislation.

II. OVERVIEW

1.0 BOARD

1.1 Board of Directors

Responsible to manage the affairs of the society to ensure sustainability and to safeguard the interest of members.

1.2 Conflict of Interests

In all societies, conflict of interests should be diligently dealt with through documented policies and procedures

1.3 Accountability and Transparency

Accountability is one of the main pillars of good governance. All activities of the society must be open to scrutiny

1.4 Remuneration

All remuneration/allowances/fees/benefits should be worked out according to approved policies.

1.5 Risk Management

One of the basic functions of good governance is to have proper risk management and this function is usually performed by the Board.

2.0 FINANCIAL MANAGEMENT

2.1 Funds Management

Prudential, capital and funds management are pre-requisites to good governance.

2.2 Cash Handling

Co-operatives should avoid misappropriation of funds and fraudulent practices through a proper cash handling system.

2.3 Management of Asset

Co-operatives have to manage their assets judiciously so as to ensure their effectiveness.

3.0 INFORMATION, COMMUNICATION AND CONTROL

3.1 Internal control

Internal Control is an important function to ensure effectiveness and efficiency of operations, reliability of financial reporting and compliance with law and regulations.

3.2 Access to Information

All stakeholders should have access to relevant information

3.3 Communication with Members and Stakeholders

A communication system is a major pillar in good governance.

3.4 Complaint Handling System

Good Governance requires that an organization must have a complaints handling system to deal with representations/complaints made by members, customers and other stakeholders to ensure trust in the organisation.

III. BEST PRACTICE

1.0 BOARD

1.1 Board of Directors

The role of the Board of Directors is to manage the affairs of the society by providing purpose, leadership, direction and overall strategy. It should ensure that funds are soundly managed, the operations are legal, procedures followed, assets safeguarded and all tasks are carried out in the interest of the members.

Guidelines

The Board should:

1. regularly review the mission and vision of the society to ensure their relevance to members and the community.
2. inter alia have the responsibility to develop policies and procedures to give an overall direction to the society.
3. ensure that there are sufficient and appropriate human and financial resources for the society to meet its objectives.

Directors' Roles

The Board of Directors should ensure that the society is managed in a transparent and accountable way to meet its obligations towards its members and the community in accordance with the provisions of the Co-operatives Act 2005 (as amended) and the rules and regulations of the society.¹

Guidelines

- The roles of the Board and its members are to be clearly defined and documented. These should include the following:

- *Setting the Society's Mission & Vision*
- *Approving the Strategic/Plan*
- *Ensuring a framework for adequate internal control*
- *Monitoring and reviewing management performance*
- *Setting indicators and standards*

- The Board should ensure that its operations and resources are directed towards achieving the co-operative's stated mission.
- All Directors should objectively take decisions in the interests of the society.
- If authority to take decisions on any board matters is delegated by the Board to a sub-committee of the Board or management staff, such delegation of authority should be documented and in writing.
- The number of Board meetings held in the year as well as the attendance of every board member should be disclosed in the society's annual report.
- Directors should familiarise themselves with relevant laws and regulations which will help them fulfill their roles and responsibilities.
- The Board should be responsible for the appointment and removal of Executive/Manager.
- The Board should report to the Annual General Meeting on key activities occurring since the last meeting and on matters such as the proposed distribution of net surplus and the work of the Board in the preceding financial year.²

¹Section 47 (1) ²Section 41 (3) of Co-operatives Act 2005 as amended

1.0. BOARD

1.1 BOARD OF DIRECTORS

- The Board should ensure that all Board meetings are properly recorded.
- The Board should ensure that the co-operative society establishes a complaint handling procedure which is clearly communicated to members.
- The Board should take necessary measures for guarding against fraud, corruption and malpractices, and should ensure that such cases are reported to appropriate authorities.
- All decisions of the Board should be based on relevant facts, figures and information.
- The Board should set up an appropriate committee to address risks faced by the society.

Composition of the Board

- The Board should comprise not less than 3 and not more than 9 Directors elected in accordance with the rules.³
- The Board should comprise Directors who, as a group, would provide core competencies for effective decision-making.
- Subject to the rules and regulations of the society, where such core competencies are not available among the Directors, the Board should consider co-opting non-members with such core competencies on the Board.
- In case of credit societies, the Board should comprise Directors who as a group possess knowledge and experience of thrift and loan businesses.

Chairperson and the Chief Executive/Manager/Secretary

- A clear line of demarcation should be drawn between the powers of the Board and those of the Chief Executive/Manager/Secretary of the society. In case there is no Manager/Chief Executive appointed, the Secretary may act as the Chief Executive/Manager. It is, however, recommended to have separate persons performing duty of Chief Executive/Manager and Secretary.
- The Chairperson and the Chief Executive/Manager/Secretary should be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.
- The Chairperson and Chief Executive/Manager/Secretary must disclose any relationship between them to the members of the co-operative society.
- The Chairperson should inter alia:
 - *Lead the Board to ensure its effectiveness*
 - *Ensure that the Directors receive accurate, timely and clear information*
 - *Ensure effective communication with members*
 - *Encourage constructive relations between the Board and Management*
 - *Facilitate the effective contribution of Directors*
- Promote and ensure high standards of governance.

³ Section 47 (2)

1.2 Conflict of Interests

Situations of conflict of interests may undermine the confidence of members and the integrity of the society. The Board should establish clear written policies and procedures to ensure that there is an appropriate mechanism to manage conflict of interests.

Guidelines

- The Board should develop a policy to deal with conflict of interests.
- Directors and staff should disclose promptly, fully and appropriately in writing any personal or business interest which may conflict. Examples include contracts with vendors, vested interests in other co-operative societies/companies/ organizations that have dealings or relationships with the society and joint ventures.
- Directors and staff in a situation of conflict of interests should abstain from participating in decision-making on such matters. All such discussions and evaluations leading to the final decision should be clearly documented.
- A mechanism must be put in place for staff being recruited and who have close relationship with board members and/or existing staff members. The Board member or staff should make a declaration in writing of such relationship and not influence decisions on the recruitment.
- Loans and benefits to staff, Directors and related parties should be disclosed during Board meetings. Such declarations should be minuted.

1.3 Accountability and Transparency

The board of Directors should ensure that the co-operative society complies with relevant laws, regulations and co-operative principles to ensure accountability and transparency in the management of the affairs and the resources of the society.

Guidelines

- The Board should ensure that regular assessment of the society's performance, position and prospects are conducted and fairly reported to members and the Registrar of Co-operative Societies.
- The Board should submit an annual budget appropriate for the activities of the society for approval at the AGM and constantly monitor its budget expenditure. ⁴
- The Board should have a clearly defined written policy on the use of capital and funds. The Board should be accountable to the General Meeting for all decisions taken including the use of capital and funds.
- The Board should ensure that a proper accountability mechanism is put in place for all decisions taken.
- Management should provide all members of the Board with management accounts, which should include the society's performance, position and prospects on a monthly basis and comparative budget figures, with analysis and explanation of major variances, if any, for the consideration of the Board.
- Management should keep a record of all books being used by the society.
- Members of the society should consider the audited financial statements of the society for the preceding year at the Annual General Meeting and approve the programme of activities and estimates of income and expenditure for the coming year. ⁵
- Directors/Management/Employees should be accountable for their acts, omissions and errors in the performance of their duties and be liable for all prejudice caused to the society and members.

⁴ Section 41

⁵ Section 41

1.4 Remuneration/Allowances/Fees/Benefits

There should be clearly defined policies on remuneration /allowances /fees/ benefits. These should be formally developed using transparent procedures. The Board of Directors may receive allowances/sitting fees while employees are remunerated.

Guidelines

- The Board should formulate its remuneration policy and procedures and clearly disclose same in the Annual Report.
- The Board may set up a Remuneration Committee to oversee remuneration policy in the society and recommend specific remuneration packages.
- The Remuneration Committee should maintain records of meetings, in particular records on key deliberations and decisions taken.
- The quantum of remuneration/allowances/fees/benefits for Directors should take into account:
 - (i) the voluntary service provided by the Director;
 - (ii) the obligations, duties and responsibilities of the position; and
 - (iii) the size and complexity of business.
- Performance-related elements of the remuneration policy should be designed for management and employees of the society. Rewards should be linked to individual and the society's performance.
- No Director should individually decide on his own remuneration/ allowances/fees/benefits.
- Directors and staff in a situation of conflict of interests should abstain from decision-making on matters pertaining to remuneration/ allowances/fees/benefits.
- Remuneration/Allowances/Fees/Benefit of Directors should be approved or ratified by the General Meeting.

1.5 Risk Management

It is recommended that a risk-based approach be adopted by the Board in the establishment of good governance in co-operative organisations.

Guidelines

- The Board should ensure that risk assessments are conducted regularly in the organisation and risk areas are identified.
- The Board or a Sub-Committee appointed by the Board should:
 - (i) inter alia address risks faced by the society;
 - (ii) consider the likelihood of probable risks in consultation/brainstorming session with staff, the possible impact and what may go wrong;
 - (iii) assess each risk in terms of probability and consequences, and prioritise from highest to lowest;
 - (iv) take measures to mitigate the risk; and
 - (v) assess the effectiveness of the control practices for each risk.
- Risk identification should be included in the schemes of duties of officers and employees of the society.
- Ethical risk areas should also be identified.
- Risks identified should be clearly documented into a plan of action indicating:
 - Officers responsible for addressing risks
 - Timeframe
 - Any additional resources required to address the risk
 - Officers designated to monitor implementation of measures to address the risk
- The Action Plan should be subject to Board's approval.

2.0. FINANCIAL MANAGEMENT

2.1 Funds Management

Management of capital and funds should be carried out in a transparent and accountable manner. The Board should ensure that capital and funds are prudently and efficiently managed to best serve the interests of members.

- The Board should ensure that the society has clearly documented policies and procedures for the management of capital and funds which should be reviewed periodically and for the need and purpose for additional funds from members and/or other parties for any new project
- The Board should ensure approval of the General Meeting for any capital development/acquisition/ investment which requires significant funds either from equity or loan capital.
- The Board should periodically review the performance of investment of the society.
- Management should ensure that the society is operating on a financially sound basis, which includes sufficient liquidity to honour all financial commitments of the society, adequate capital, and that it is not over-leveraged and ensure that a distinct account is set for capital development/ acquisition project requiring significant funds.
- In case funds management is contracted out to a third party, the rationale and detailed arrangements should be documented and approved by the General Meeting.

2.2 Cash Handling

A proper cash handling system has to be put in place for sound and efficient use of funds and to prevent misappropriation of funds and fraudulent practices.

Guidelines

- The Board should ensure that there are established procedures for receipt, transfer and banking of cash in a secured manner. These procedures should provide for effective audit trail.
- The Board should ensure that an effective system is put in place to recover cash shortages, if any, through enforcement of security bonds or other means. Cash shortage is made good by the officer handling the cash.
- Management should ensure that:
 - (i) Serially pre-numbered receipts bearing date, mode of payment and the identification of the person issuing the receipt are made for any money received.
 - (ii) Periodically (varying from one to 3 months) bank account reconciliations and investigations into discrepancies between the society's records and the bank's records are made.
 - (iii) The responsibilities for receiving and banking cash are assigned to different persons.
 - (iv) Cashiers' cumulative overpayments and shortages are properly recorded.
 - (v) Duplicate carbon copies of receipts issued are kept for recording and audit purposes.
 - (vi) All cancelled receipts (original, duplicate and triplicate) are retained in the receipt book with a cancel note thereon.
 - (vii) All receipts are duly filled in with the following details:
 - Date of payment
 - Name of payee
 - Purpose of transaction
 - Amount in words and figures
 - Payment effected in cash/cheque
 - Signature and name of officer preparing the receipt
 - Cash book references

2.3 Management of Assets

The Board should ensure that the assets of the society are judiciously managed to best serve the interest of members.

The Board should ensure that:

- (i) Supervisory practices provide adequate safeguards on the control, management and disposal of assets.
- (ii) The society has documented policies and procedures in place to safeguard its assets.
- (iii) Physical controls are placed over access to and use of assets.
- (iv) Management keeps a register of assets providing reliable, relevant and up-to-date financial and non-financial data on acquisition, assets identification, performance, disposal and accounting.
- (v) A control system is in place for verifying the existence of assets against recorded information, promptly detecting irregularities and follow-up on discrepancies.
- (vi) Under-utilised and under-performing assets are identified as part of a regular and systematic review process to enable optimum use.
- (vii) Provision is made for the depreciation policy and renewal of asset.

3.0. INFORMATION, COMMUNICATION AND CONTROL

3.1 Internal Control

Internal control is an essential element in the governance framework that plays a key role in identifying, minimizing and managing risks, and safeguarding the assets of an organization. The Board should ensure that management sets and maintains a sound system of internal control to safeguard society and members' interests.

Guidelines

- The Board should set a sound internal control system which must be reviewed biennially.
- Management should be responsible for implementing an internal control system appropriate to the organisation and ensure that the internal control function is adequately resourced.
- Internal Control System should ensure that:
 - (i) clearly defined roles and responsibilities for each level of staff;
 - (ii) segregated duties to allow for checks and balances;
 - (iii) Maintenance of proper and accurate records to facilitate audit trail;
 - (iv) Supervisory controls be exercised at different levels of operations to deter and detect irregularities; and
 - (v) The appointment of an internal controller as per the Act.
- The Internal Controller shall carry out his duties efficiently and effectively as per the Act and submit a report of his findings within 15 days from end of each quarter to the Board and Registrar of Co-operative Societies⁶.

⁶ Section 56

3.2 Access to Information

The Board should ensure a proper documented system which provides relevant information to all “stakeholders”. The Board should ensure that access to information during the office hours is not denied to the stakeholders.

Guidelines

- Members should have access to relevant and required information on a timely basis and in an understandable manner for analysis and comments⁷.
- As per the Co-operative Act 2005 as amended, members should have access to information such as rules, registers, minutes of proceedings of general meetings, annual reports, final accounts and balance sheets, reports of Internal Controller and External Auditor’s reports.
- Management should provide relevant and timely information to Board of Directors. Information provided should include:
 - (i) background or explanatory information relating to matters to be brought before the Board
 - (ii) copies of disclosure documents
 - (iii) budgets, forecasts and monthly financial statements
 - (iv) material variance between the projections and actual results should be disclosed and explained
 - (v) information on all potential risks facing the society including liquidity, credit and operational risks
 - (vi) any other relevant information that are conducive to the activities of the society and can assist in the decision-making process
 - (vii) societies keeping computerized records of accounts have to ensure appropriate authorization and back-up
- Management should give the Internal Controller access to information relevant to his duties and to the areas under review.
- Management is responsible for keeping up-to-date information, especially as regards the books and accounts of the society in the correct format.
- Management should issue to each and every member his statement of account at least once a year.
- The Board should ensure that management establishes clear guidelines/rules for disclosure of confidential information.

⁷ Section 25

3.3 Communication with Members and Stakeholders

The relevant information should be accurate and communicated to members and stakeholders.

Guidelines

- The Board should ensure that:
 - (i) there is a clearly written policy for relevant information to be provided to members and other stakeholders. These information can include:
 - the rules, latest audited financial statements and annual reports
 - objectives, activities and socio-economic projects of the society
 - the amount receivable by members upon withdrawal of shares
 - rights and obligations of members
 - Internal control reports
 - the dues and benefits to members
 - benefits provided to co-operative societies by Government.
 - (ii) information and documents in respect of Section 25 of the Co-operatives Act 2005 are kept at all times in an updated form at the registered seat of the society.
- These documents shall be opened for inspection at all reasonable time to the Permanent Secretary, (His/Her) representatives, to the Registrar of Co-operative Societies and to its members.

3.4 Complaints Handling System

A complaints handling system is an organized way of responding to, recording, reporting and using complaints to improve service to customers and functioning of the society.

Guidelines

- The Board should ensure that:
 - (i) a complaints handling system is in place for members and other stakeholders of the co-operative society to express their grievances or representations.
 - (ii) A complaints committee may be set up by the Board to process complaints and to make recommendation for resolving conflicts.
 - (iii) Appropriate redress should be provided for justified complaints.
 - (iv) Performance standards should be set to measure the efficiency and effectiveness of the complaints handling system.
- Management should operate the complaints handling system so as:
 - to provide for ways complaints may be lodged (verbal and written) and recorded;
 - to clearly designate who is responsible for recording and processing of complaints;
 - to set timeframe for resolution; and
 - All complaints are considered and resolutions communicated to members of the society within a reasonable delay.
- Complaint forms may be used to facilitate the lodging of complaints by members.

IV. SELF-ASSESSMENT CHECKLIST

1.1 Board of Directors

	SELF-ASSESSMENT QUESTION	YES	NO
1.	Are the mission and vision of the society reviewed periodically to ensure relevance to the objectives of the society?		
2.	Has the board devised a strategic Action Plan?		
3.	Are the roles of the Directors of the Board clearly defined and documented?		
4.	Is delegation of powers by the Board documented?		
5.	Is the number of Board meetings as well as attendance at these meetings disclosed in the society's annual report?		
6.	Is the demarcation of responsibilities between the Chairperson and the Chief Executive/Manager/Secretary clearly defined and documented?		
7.	Does the Board ensure that appropriate internal control systems are in place?		
8.	Does the Board ensure that the society complies with all statutory and legal requirements?		
9.	Does the Board ensure that up to date accounting records are maintained?		
10.	Does the Board ensure that systems are in place for safeguarding the assets of the society and for preventing and detecting fraud, corruption and other malpractices?		
11.	Does the Board ensure that risk assessments are being conducted regularly?		
12.	Is the Board monitoring and reviewing performance of management on a regular basis?		

1.2 Conflict Of Interests

	SELF-ASSESSMENT QUESTION	YES	NO
1.	Has the Board established clear written policies and procedures on measures to avoid any conflict of interests in areas where such conflicts may arise?		
2.	Is there a policy requiring declaration of such interests by Directors and officers?		
3.	Is delegation of powers by the Board documented?		
4.	Has the society established Human Resource procedures on recruitment of staff who are closely related to current Directors and staff?		
5.	Are loans and benefits to Directors, staff and related parties disclosed in Board Meetings?		

1.3 Accountability and Transparency

	SELF-ASSESSMENT QUESTION	YES	NO
1.	Is expenditure regularly monitored by Management and the Board?		
2.	Does the Board ensure that regular assessment of the society's performance, position and prospects are being conducted?		
3.	Has the Board established effective and ongoing communication with stakeholders at all levels?		
4.	Does management ensure that policy decisions taken by the Board are implemented in a timely manner?		
5.	Does Management provide the Board with monthly management accounts?		
6.	Does the Board ensure that a proper system of accountability is established at different levels of the organisation?		
7.	Does the Board ensure that members are provided with details of their accounts on request and all relevant information as per Sections 25 and 33 of the Co-operatives Act 2005 as amended?		
8.	Does the Board ensure that transparency is observed at all levels in respect of access to information and the operation of the society?		
9.	Does the Board have a clearly defined written policy on the use of capital and funds?		
10.	Have the programme of activities and the estimates of income and expenditure for the year been approved at the Annual General Meeting?		

1.4 Remuneration/Allowance/Fees/Benefit

	SELF-ASSESSMENT QUESTION	YES	NO
1.	Has the Board established formal policies on remuneration/allowances/fees/benefits?		
2.	Does the society disclose its remuneration policy and procedures in respect of remuneration/allowances/fees/benefits in its annual report and at its Annual General Meeting?		
3.	Are rewards linked to individual and the society's performance?		

1.5 Risk Management

	SELF-ASSESSMENT QUESTION	YES	NO
1.	Does the society have a Plan of Action to identify and monitor risks?		
2.	Has a Committee been set up to address risks faced by the society?		
3.	Does risk identification form part of officers' and employees' schemes of duties?		
4.	Are brainstorming sessions/interviews held by management with staff on possible risks within the organization?		
5.	Are measures being taken by management to mitigate the risks?		
6.	Is the effectiveness of control practices for the risk being assessed?		

2.1 Funds Management

SELF-ASSESSMENT QUESTION	YES	NO
Are there documented policies and procedures with regards to management of funds?		
Are capital development/acquisition/investment approved by the Board / and at General Meetings, where required?		
Does the Board ensure that funds have been secured before the society embarks on new projects?		
Is performance of investments reviewed periodically?		
Are specific accounts set up for specific development / acquisition projects?		
Is the financial performance of the society reviewed by management regularly?		

2.2 Cash Handling

	SELF-ASSESSMENT QUESTION	YES	NO
1.	Has the society established procedures for receiving, transferring and banking cash?		
2.	Do these procedures provide for an effective audit trail?		
3.	Are serially pre-numbered receipts bearing date, mode of payment and the identification of the person issuing the receipt made for each transaction?		
4.	Does the society perform timely bank account reconciliations and investigate into discrepancies between the society's records and the bank's records?		
5.	Are the responsibilities for receiving and banking of cash assigned to different persons		
6.	Does management record cashiers' cumulative overpayments and shortages?		
7.	Are cash shortages made good by officers handling the cash?		

2.3 Management of Assets

	SELF-ASSESSMENT QUESTION	YES	NO
1.	Does the society have documented policies and procedures to safeguard its assets?		
2.	Does management keep a register of assets with reliable, relevant and up-to-date data on acquisition, assets identification, performance, disposal and accounting?		
3.	Are physical controls of assets of society carried out?		
4.	Has provision been made by society for renewal of its assets?		

3.1 Internal Control

	SELF-ASSESSMENT QUESTION	YES	NO
1.	Has the Board established an internal control function?		
2.	Does the internal control function ensure that all activities follow approved and established procedures?		
3.	Does the Internal Controller carry out his duties as per Section 56 of the Co-operatives Act 2005 as amended?		
4.	Are quarterly internal controller’s reports provided to the Board and to the Registrar of Co-operative Societies for monitoring purposes?		
5.	Does the Board ensure that the effectiveness of the society’s internal control system (including financial, operational, compliance controls and risk management) is conducted and reviewed biennially?		

3.2 Access to Information

	SELF-ASSESSMENT QUESTION	YES	NO
1.	Is there a proper documented system for stakeholder to access information for effective decision making?		
2.	Is the Board provided with complete and timely information for effective decision making?		
3.	Are Directors provided with information on the risks facing the society by management?		
4.	Do members have access to information as per Section 25 of the Co-operatives Act 2005 as amended?		
5.	Is the member’s statement of account issued to him/her at least once a year or on request?		
6.	Has management established guidelines/rules for disclosure of confidential information?		

3.3 Communication with members and stakeholders

	SELF-ASSESSMENT QUESTION	YES	NO
1.	Is there a clearly written policy for required information to be provided to members, potential members and other stakeholders?		
2.	Are relevant information made available by the society?		
3.	Are annual reports made available on the society's website and/or office premises for information?		
4.	Are members informed of their rights and obligations?		
5.	Does management have effective and regular communication with the Board and other stakeholders?		

3.4 Complaints Handling System

	SELF-ASSESSMENT QUESTION	YES	NO
1.	Is there a complaints handling system in place for members and other stakeholders of the society to express their grievances/representations?		
2.	Can complaints be lodged verbally or in writing?		
3.	Are all complaints made recorded?		
4.	Have responsibilities been assigned for taking, recording, analysing and resolving complaints?		
5.	Is there a complaint form to facilitate the lodging of complaints?		
6.	Are redress provided for justified complaints?		
7.	Are actions taken communicated to parties concerned?		
8.	Is there a timeframe to resolve complaints?		

V. VALUES AND PRINCIPLES OF CO-OPERATIVES

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise.

Co-operatives cherish the following Basic Values:

- **Self-help**
- **Self-responsibility**
- **Solidarity**
- **Equity**
- **Equality**
- **Democracy**

Co-operatives are guided in their operations by the following international co-operative principles:

- **Voluntary and Open Membership**
- **Democratic Member Control**
- **Member Economic Participation**
- **Autonomy and Independence**
- **Education, Training and Information**
- **Co-operation among Co-operatives**
- **Concern for Community**

The distinguishing feature of co-operative business is its dual nature as economic enterprise and social organization.





REPUBLIC OF MAURITIUS

**Ministry of Business, Enterprise, Co-operatives,
& Consumer Protection**

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