



Memorandum No. 2024-13

TO : ALL ELECTRIC COOPERATIVES

SUBJECT : Conduct of Audit by the EC Internal Auditor on the Allowable Disbursements and Documentary Requirements for Liquidation of Subsidy Funds Released to ECs Prior to Submission to NEA

Date : APR 08 2024

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The Commission on Audit has been raising significant audit observations on the liquidation and accumulation of unexpended subsidy balances due to incomplete supporting documents and non-allowable charges in the Accounting of Funds (AoFs). COA Circular No. 2007-001 paragraph 5.4 requires that the validity of documents to support the liquidation of funds shall be verified and shall be the basis of recording the fund utilization in the NEA book of accounts.

Section 13 of the Revised MOA and Section VIII of NEA Memorandum No. 2024-007– Penalty on the Enhanced Policy Guidelines on the Implementation of Strategized Rural Electrification and Operational Reliability for ECs, states that:

"Any person who willfully violates the MOA or fails to liquidate the funds released for the purpose within three (3) months from issuance of Certificate of Final Inspection and Acceptance (CFIA) or from termination thereof due to non-completion, shall be held administratively, civilly and criminally liable for crimes committed, and shall be ordered to return the unliquidated funds. Provided, that if the violation is committed by a juridical person, the penalty shall be imposed upon the official and/or employee responsible for the crime committed".

To ensure timely liquidation of the subsidy funds in compliance with the COA rules and regulations and to fast track the release of the subsidy allocations to the ECs for the attainment of 100% TOTAL ELECTRIFICATION by 2028, the ECs Internal Auditors are hereby DIRECTED to conduct the verification and audit of transactions, documents and reports pertaining to the utilization of the subsidy funds, project implementation and liquidation prior to submission to the NEA of the Documentary Requirements for liquidation. The internal auditors will issue a Certification/Affidavit on such (template attached).

The conduct of audit of the subsidy funds released to ECs is necessary to mitigate deficiencies or non-conformities with applicable laws, regulations and guidelines on the prompt submission of documentary requirements for liquidation of the subsidy funds.

Likewise, the ECs are enjoined to institute a Technical Working Group to conduct an interim preparation and evaluation of documentary requirements so that ECs can implement any corrective actions to mitigate the risk associated with the disbursement, project implementation and liquidation of subsidy funds pending the issuance of the Certificate of Final Inspection and Acceptance (CFIA). This is to ensure the timely submission of documentary requirements for liquidation and return of any excess subsidy funds to NEA.

For your guidance and strict compliance.


ANTONIO MARIANO C. ALMEDA
Administrator



AMGD-ASD-2024-04-01GTQ

EC LOGO

22 March 2024

CERTIFICATION

This is to certify that the liquidation documents submitted by EC was verified and audited in compliance with the Checklist of Documentary Requirements in the liquidation of Subsidy Funds based on the Guidelines in the Preparation of the Accounting of Funds and Identification of Allowable Charges against Contingency Funds for the Subsidy Funded Project.

The foregoing evaluation, however, shall be without prejudice to the final recommendation of the NEA and the Commission on Audit.

Fund Source	No. of Sitios / Brgys	Gross Amount Released (Php)	% of Amount Released

Certified by:

NAME
EC Internal Auditor