



Republic of the Philippines
National Electrification Administration
Quezon City

May 13, 2009

MEMORANDUM No. 2009-016

TO : ALL ELECTRIC COOPERATIVES (ECs)

SUBJECT : Subsidy Fund Releases

The National Government through the National Electrification Administration (NEA) has been providing subsidy funds to the ECs in order to attain the national policy objective of total electrification in the countryside.

The release of subsidy funds to ECs is treated in the books of NEA as an outright Expense while as Donated Capital in the books of the recipient ECs. However, pursuant to the Commission on Audit's recommendation, release of subsidy funds to ECs will now be treated as Receivable from the ECs and shall be treated as Expense only after liquidation and implementation of the project as specified in the Memorandum of Agreement (MOA), with the following entries in the books of the ECs:

Upon Receipt of subsidy funds:

Cash	XX	
Accounts Payable		XX

Upon Liquidation of subsidy funds:

Accounts Payable	XX	
Donated capital		XX

The liquidation of subsidy funds on a per project basis will require the submission to NEA of the following documents within six (6) months after the implementation of the project:

- a) Accounting of Funds – Completed project
- b) Certificate of project Completion
- c) Certificate of Final Inspection and Acceptance

In order to properly reclassify completed projects in the books of the ECs, the ECs are enjoined to immediately conduct close-out of completed projects following the Revised Guidelines on Close Out of All Completed Construction Projects for the Electric Cooperatives (ECs) dated April 4, 2005.

The revised MOA will be provided at the NEA website and this shall take effect immediately.

For your information and guidance.


EDITA S. BUENO
Administrator

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ADMINISTRATION

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