



Republic of the Philippines
National Electrification Administration

September 28, 2009

MEMORANDUM No. 2009-026

TO : ALL ELECTRIC COOPERATIVES (ECs)
SUBJECT : Subsidy Funded Projects

Presidential Decree No. 269 as amended mandates the National Electrification Administration (NEA) to continue the implementation of the rural electrification program in the form of subsidy, given by the national government for subsequent release to ECs in order to extend electricity service, and to finance rehabilitation of distribution lines damaged by typhoons, earthquakes and other related calamities.

In the audit of subsidy fund releases to various ECs, the Commission on Audit (COA) noted the following common findings:

- excess funds not returned to NEA
- variance between NEA evaluated cost and actual EC charges
- charges not covered by board resolution
- delayed completion of project
- non-implementation, and unauthorized realignment of projects
- projects not in accordance with approved specifications
- no separate bank account solely for subsidy fund; and,
- non-submission of report such as accounting of funds, certificate of completion and certificate of final inspection and acceptance

In order to ensure compliance to COA rules, and meet the objectives of the program, ECs are enjoined to strictly implement the provisions of the Memorandum of Agreement (MOA) between NEA and the EC, and observe the following:

1. Final inspection, acceptance and close-out to be conducted within ninety (90) days from completion of project.
2. Return/Refund of excess funds to NEA or realignment of projects within thirty (30) days after project close-out.
3. Any deviation from NEA approved project specification should be requested for approval and authorization before implementation:
4. Procurement of equipment and materials and/or engagement of contractors for projects shall be guided by RA 9184 and its Implementing Rules and Regulations.
5. Adherence to project time-line; and
6. Submission of reports to NEA not later than ninety (90) days from receipt of funds.

Further, compliance to COA recommendations will be included in the overall annual assessment of EC performance.

For your information and guidance.


EDITA S. BUENO
Administrator

NATIONAL ELECTRIFICATION
ADMINISTRATION

PROJECTING, P.L.C. CITE: #0R015427



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