



May 26, 2015

MEMORANDUM No. 2015-012

TO : ALL ELECTRIC COOPERATIVES

SUBJECT : Compliance to COA Audit Findings on Subsidy Funded Projects

Electric Cooperatives (ECs) are partners of Government to ensure the attainment of total electrification of the country. In this partnership, the ECs serve as the implementing arm of Government with NEA as its authorized agency to supervise program execution. To implement the program, NEA releases funds to ECs, and ECs undertake implementation following approved budget including timelines, and the prescribed government rules in the use of public funds. At present, subsidy funds cover sitio and barangay electrification projects and calamity assistance fund. Since these are government/people's fund, all these are subject to COA audit.

ECs are recipients of these funds, at present at Php26.5B. These amounts shall all be liquidated within timelines to ensure that projects are done, funds are accounted for and fully liquidated.

At present, the COA is conducting an audit of subsidies released by NEA to ECs, pursuant to Section 2, Article IX-D of the Constitution of the Philippines and Sections 29 and 43 of the General Auditors Code of the Philippines (PD 1445).

The audit is being conducted to determine the following:

- a. That utilization of subsidies were in accordance with the MOA.
- b. Subsidies were utilized with due regard to economy, efficiency and established policy.
- c. Electrification projects were implemented effectively in line with the attainment of the Agency's objectives and those of the National Government pursuant to RA 10531.


The significant audit observations and the corresponding recommendations are incorporated in the COA Report on Audit of Specific ECs and Annual Audit Report on NEA. Following are the common audit observations:

- a. Unexpended/excess subsidy funds not returned to NEA
- b. Delayed implementation of project
- c. Non-submission of original documents
- d. Realignment of projects without NEA approval
- e. Interest earned not returned to NEA

To immediately comply to COA audit recommendations, the auditee EC officials (Board President, General Manager, Finance Manager and Technical Manager) will be invited to NEA for a meeting to discuss the findings with the intention of signing of commitment by the EC on actions which it will take with timeline. This will facilitate all the necessary actions that should be taken both by NEA and the ECs.

Compliance to COA requirements will also be included in the regular assessment of ECs performance.

For strict compliance.


EDITA S. BUENO
Administrator



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5/29/15