



22 June 2015

MEMORANDUM No. 2015-015

TO : ALL ELECTRIC COOPERATIVES (ECs)
SUBJECT : Request for Realignment of Projects

The Commission on Audit (COA) issued an Audit Observation Memorandum (AOM) to NEA on 15 June 2015 regarding EC requests for realignment of projects.

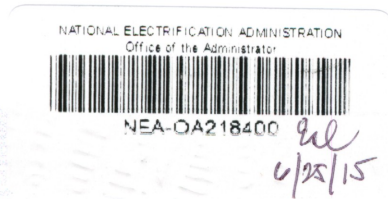
It has been observed that a number of EC requests for realignment were not in accordance with the provisions of the amended Memorandum of Agreement (MOA) as agreed upon by NEA and the EC. The MOA provides that:

It is agreed that all amount in excess of total disbursement and cost of unimplemented project including interest earned thereon shall be returned/remitted to NEA and or the Recipient may request written authority from NEA to use the savings/balance as well as interest accruing to the fund for activities allied to the project. NEA Memorandum Circular No. 2013-022 dated 30 September 2013 provides that the request of ECs for written authority from NEA to use the savings/balances of subsidy funds shall be considered only in balances amounting to P100,000.00 and above. Excess balances below P100,000.00 shall be returned to NEA one (1) month after NEA final inspection and acceptance. ECs requesting for realignment are given three (3) months to prepare all the necessary documents and submit same to NEA within three (3) months from NEA final inspection and acceptance. Request for realignment shall no longer be accepted beyond this period.

As such, in order for NEA to immediately comply with COA recommendations, all ECs seeking approval for realignment of projects are reminded to strictly adhere to the provisions of the MOA as reiterated in NEA Memorandum Circular No. 2013-022 dated 30 September 2013 (copy attached).

For your guidance and strict compliance.

Edita S. Bueno
EDITA S. BUENO
 Administrator





MEMORANDUM No. 2013-022

30 September 2013

TO : ALL ELECTRIC COOPERATIVES (ECs)
SUBJECT : Unexpended Subsidy Funds of Electric Cooperatives (ECs)


The Audit Observation Memoranda (AOM) issued by the Commission on Audit (COA) in 2008 to present always show repeated cases of unexpended subsidy funds not returned to NEA. The Memorandum of Agreement (MOA) between NEA and the ECs provides that all amount in excess of total disbursement and cost of unimplemented project including interest earned thereon shall be returned/remitted to NEA and/or the Recipient may request written authority from NEA to use the savings/balance as well as interest accruing to the funds for activities allied to the project, within one (1) month after Final Inspection of NEA.

It has been observed that most ECs request for realignment rather than return the excess funds to NEA. While the ECs may request for realignment as provided for in the MOA, submission of complete documents (board resolution requesting for realignment, staking sheets and bill of materials) were done 4-9 months after NEA's communication to return the excess funds, such that compliance of NEA to COA audit recommendations was very much delayed.

In order for NEA to immediately comply with COA recommendations, particularly for projects funded by SEP/BLEP, the request of ECs for written authority from NEA to use the savings/balances of subsidy funds shall be considered only for balances amounting to P100,000 and above. Excess balances below P100,000 shall be returned to NEA one month after NEA final inspection and acceptance.

Further, the ECs requesting for realignment are given three (3) months to prepare all the necessary documents and submit same to NEA within three (3) months from NEA final inspection and acceptance. Request for realignment shall no longer be accepted beyond this period.

For your guidance and strict compliance.


EDITA S. BUENO
Administrator

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ADMINISTRATION

IN REPLYING, PLS. CITE: #OR023244



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