



9 December 2015

MEMORANDUM No. 2015-036

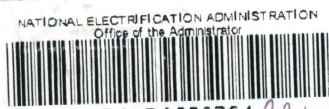
TO : ALL ELECTRIC COOPERATIVES

SUBJECT : Guidelines in the Preparation of Accounting of Funds (AOF) and Identification of Allowable Charges Against Contingency Funds for Subsidy Funded Projects

1. The Memorandum of Agreement (MOA) entered into by NEA and the ECs prescribes the documents required for the liquidation of subsidy funded projects, one of which is the Accounting of Funds (AOF).
2. The Commission on Audit (COA), in its Audit Observation Memorandum (AOM) No. 2015-11 (2014) dated 2 June 2015, observed the absence of guidelines on the proper presentation of AOF to liquidate the subsidy received by the ECs and the proper identification of authorized charges against the contingency fund. As such, it was recommended that NEA formulates the necessary guidelines.
3. NEA conducted consultation with the Finance Managers Association of the Philippines (FIMAP) and Philippine Association of Electric Cooperatives Internal Auditors (PhilaECIA) on 22 July 2015, and likewise presented the proposed AOF template and allowable charges against contingency fund during the NEA/EC Consultative Conference on 5 August 2015.
4. After considering all the comments and suggestions, NEA is issuing the attached Guidelines to provide uniformity in the preparation of AOF.
5. The General Manager, Finance and Internal Audit Managers of concerned ECs are responsible in ensuring that such requirements are done and complied with.

For your guidance and strict compliance.

EDITA S. BUENO
Administrator



NEA-OA223704 *92*
12/11/15

GUIDELINES IN THE PREPARATION OF ACCOUNTING OF FUNDS (AOF) AND IDENTIFICATION OF ALLOWABLE CHARGES AGAINST CONTINGENCY FUNDS FOR SUBSIDY FUNDED PROJECTS (SFP)

I. BACKGROUND

The Memorandum of Agreement (MOA) entered into by NEA and the ECs prescribes the documents required for the liquidation of subsidy funded projects, one of which is the Accounting of Funds (AOF).

The Commission on Audit (COA), in its Audit Observation Memorandum (AOM) No. 2015-11 (2014) dated 2 June 2015, observed the absence of guidelines on the proper presentation of AOF to liquidate the subsidy received by the ECs and the proper identification of authorized charges against the contingency fund. As such, it was recommended that NEA formulates the necessary guidelines.

II. OBJECTIVE

To prescribe the guidelines in the proper preparation of AOF and identify the allowable charges against contingency fund for subsidy funded projects.

III. GENERAL GUIDELINES

1. AOF is prepared on a per MOA and per project basis based on net amount received.
2. The source of funds and name of project are identified in the AOF.
3. The components of expenditures are materials, labor and overhead.
4. Input VAT
 - a. For project undertaken by contract, no input tax is added since the contractor's billing is VAT inclusive.
 - b. For project undertaken by force account/administration, input tax is added to the materials. Cost of labor has no input tax.
5. Expenditures are to be supported by original documents and to be submitted to NEA.
6. Interests earned are included in the amount subject to liquidation.
7. Requirement for Subsequent Release of Subsidy Funds
 - a. 20% (Second Release) – Partial AOF
 - b. 10% (Final Release) – Final AOF
8. Release of mobilization cost to the contractor is limited to 15% of contract price.
9. The AOF should be signed by the responsible EC officials.

IV. ALLOWABLE CHARGES AGAINST CONTINGENCY FUNDS

1. Publication fee for all biddings
2. Rental of private or EC vehicles used in the project (supported by contract/authorization and trip tickets)
3. Transportation and meal allowance of regular and project based employees assigned in the project
4. Fuel and oil consumption for the project for non-rented coop vehicles
5. Salaries and wages including overtime pay of employees for the duration of actual services rendered in project monitoring, supervision and inspection (supported by approved office order/travel order, Daily Time Record)
6. Hauling/freight and handling expenses

V. AOF TEMPLATE

- AOF Template No. 1 - Summary of Total Disbursements Per Project
- AOF Template No. 2 - Projects Undertaken through Force Account
- AOF Template No. 3 - Projects Undertaken through Straight Contract
- AOF Template No. 4 - Projects Undertaken through Contract for Labor and EC materials
- AOF Template No. 5 - Projects Undertaken through Contract for Materials and EC labor

VI. Effectivity

These guidelines shall take effect immediately.

For compliance.

Edita S. Bueno

EDITA S. BUENO
Administrator



NEA-OA223704 *26*
12/11/15

ELECTRIC COOPERATIVE (EC)
ACCOUNTING OF FUNDS
As of July 31, 2013

2011-NEA FUNDED SUBSIDY (BLEP-2011-BATCH 2)/3 BARANGAYS

A. AMOUNT RECEIVED (Net):

OR#196647 (02/17/12)/1st release 5,110,281.99
OR#211895 (08/14/12)/2nd release 1,460,080.57

AMOUNT RECEIVED (90%): 6,570,362.56

B. LESS: TOTAL EXPENDITURES OF (3) BRGYS.

No	Barangay/Municipality/Province	ACCOUNTING ELEMENTS			Add: Payables	Total
		Materials	Labor	Overhead		
1	BRGY. REMEDIOS, R.T. LIM, Z.S.P.	1,015,692.12	239,415.67	108,848.25	907,704.16	2,271,660.20
2	BRGY. TARUK, R.T. LIM, Z.S.P.	1,612,392.09	288,883.54	99,083.89	-	2,000,359.52
3	BRGY. TILASAN, R.T. LIM, Z.S.P.	1,223,307.90	254,603.86	87,096.21	-	1,565,007.97
	Sub-Total	3,851,392.11	782,903.07	295,028.35	907,704.16	5,837,027.69

Grand Total 5,837,027.69

Add: Interest Earned 49,300.00

Balance 782,634.87

Prepared By:

WORK ORDER OFFICER

Checked By:

ACCOUNTING DIVISION

Verified By:

FINANCE DEPARTMENT

Audited By:

INTERNAL AUDIT

Approved By:

GENERAL MANAGER



AOF Template 2
(By Administration/Force Account)

EC _____

ACCOUNTING OF FUNDS (Final)
As of July 31, 2013

NEA FUNDED SUBSIDY (3 BARANGAYS)

WORK ORDER NO. 2012 - 06 -25
PROJECT NAME: BRGY. REMEDIOS, R.T. LIM LINE ENHANCEMENT PROGRAM (BLEP-BATCH 2-2011)

(A.) AMOUNT RECEIVED (net):
ORs# 196647 (02/17/12) and 211895 (08/14/12) 2,791,073.04

AMOUNT RECEIVED (90%) **2,791,073.04**

(B.) EXPENDITURES:

REFERENCE MATERIALS	DATE	DESCRIPTION/PARTICULARS	AMOUNT	SUB-TOTAL	TOTAL
MCT# 22245	6/27/2012	Line Construction	815,991.88		
MCT# 22524	7/29/2012	BAPA Metering	3,730.71		
MCT# 22636	8/18/2012	Housewiring Connection	88,863.75		
Less:MCRT# 8836	8/20/2012	Returned Line Materials	(24,216.64)	884,369.70	
Add: MCT# 2270	9/5/2012	Additional KWHM	22,498.26	22,498.26	906,867.96
Labor					
CV# 35289	5/2/2012	Payroll clearing account	224,415.67	224,415.67	
Housewiring Labor					
CV# 38142	4/15/2013	Payment of Housewiring Labor (No. of House Connections)	15,000.00	15,000.00	239,415.67
Overhead					
CV# 35289	5/2/2012	Hauling/Freight and Handling Expenses Per Contract	49,683.97		
CV# 35836	7/5/2012	Hauling Expenses	34,778.79		
CV# 37188	12/21/2012	Hauling Expenses	14,905.19		
CV# 34820	3/7/2012	Rental of Vehicle	6,080.30		
CV# 34919	3/16/2012	Meal Allowance	1,400.00		
CV# 34921	3/16/2012	Transportation	2,000.00	108,848.25	108,848.25
			TOTAL		1,255,131.88

(C.) INPUT TAXES:

Materials (906,867.96 x .12)	108,824.16		108,824.16
		Total Project Expenditures	1,363,956.04
		Payables	907,704.16
		Grand Total	2,271,660.20
		Balance of Funds	519,412.84

Prepared By:

Checked By:

Verified By:

Audited By:

Approved By:

AOF Template 3
(Straight Contract)

EC _____

ACCOUNTING OF FUNDS (Final)
As of July 31, 2013

NEA FUNDED SUBSIDY/BLEP (3 BARANGAYS)

WORK ORDER NO. 2012 - 06 -25
PROJECT NAME: BRGY. REMEDIOS, R.T. LIM LINE ENHANCEMENT PROGRAM (BLEP-BATCH 2-2011)

(A.) AMOUNT RECEIVED (net):
ORs# 196647 (02/17/12) and 211895 (08/14/12) 2,791,073.04

AMOUNT RECEIVED (90%) 2,791,073.04

(B.) EXPENDITURES:

REFERENCE MATERIALS AND LABOR (GROSS)	DATE	DESCRIPTION/PARTICULARS	AMOUNT	SUB-TOTAL	TOTAL
CV# 35289	5/2/2012	Mobilization Per Contract	371,720.08		
CV# 35836	7/5/2012	Progress Billing	336,424.86		
CV# 37188	12/21/2012	Final Billing	872,408.94	1,580,553.88	
Overhead					
CV# 35289	5/2/2012	Hauling/Freight and Handling Expenses	49,683.97		
CV# 35836	7/5/2012	Hauling Expenses	34,778.79		
CV# 37188	12/21/2012	Hauling Expenses	14,905.19		
CV# 34799	3/6/2012	Publication Fee	5,000.00		
CV# 34820	3/7/2012	Rental of Vehicle	1,080.30		
CV# 34921	3/16/2012	Transportation and meal allowances	2,000.00	107,448.25	

Total Project Expenditures 1,688,002.13

Payables 907,704.16

Balance of Funds 195,366.75

Prepared By:

Checked By:

Verified By: 

Audited By:

Approved By:

AOF Template 4
(Combination: EC Materials and Contract Labor)

EC _____

ACCOUNTING OF FUNDS (Final)
As of July 31, 2013

NEA FUNDED SUBSIDY (3 BARANGAYS)

WORK ORDER NO. 2012 - 06 -25
PROJECT NAME: BRGY. REMEDIOS, R.T. LIM LINE ENHANCEMENT PROGRAM (BLEP-BATCH 2-2011)

(A.) AMOUNT RECEIVED (net):
ORs# 196647 (02/17/12) and 211895 (08/14/12) 2,791,073.04

AMOUNT RECEIVED (90%) **2,791,073.04**

(B.) EXPENDITURES:

REFERENCE MATERIALS	DATE	DESCRIPTION/PARTICULARS	AMOUNT	SUB-TOTAL	TOTAL
MCT# 22245	6/27/2012	Line Construction	815,991.88		
MCT# 22297	7/6/2012	Line Construction	3,730.71		
MCT# 22636	8/18/2012	Housewiring Connection	88,863.75		
Less:MCRT# 8836	8/20/2012	Returned Line Materials	(24,216.64)	884,369.70	
Add: MCT# 2270	9/5/2012	Additional KWHM	22,498.26	22,498.26	906,867.96
Labor Payroll					
CV# 35289	5/2/2012	Payment of Labor	448,831.34	448,831.34	
Housewiring Labor					
CV# 38142	4/15/2013	Payment of Housewiring Labor (No. of House Connections)	15,000.00	15,000.00	463,831.34
Overhead					
CV# 35289	5/2/2012	Hauling/Freight and Handling Expenses	49,683.97		
CV# 35836	7/5/2012	Hauling Expenses	34,778.79		
CV# 37188	12/21/2012	Hauling Expenses	14,905.19		
CV# 34918	3/16/2012	Salaries and Wages	68,983.96		
CV# 34919	3/16/2012	Meal Allowance	1,400.00		
CV# 34921	3/16/2012	Transportation	2,000.00	171,751.91	171,751.91
			TOTAL		1,542,451.21

(C.) Input Taxes:
Materials (906,867.96 x .12) 108,824.16 **108,824.16**

Total Project Expenditures **1,651,275.37**
Add: Payables **907,704.16**
Balance of Funds **232,093.51**

Prepared By:

Checked By:

Verified By: 

Audited By:

Approved By:

AOF Template 5
(Combination: Contract
Materials and EC Labor)

EC _____

ACCOUNTING OF FUNDS (Final)
As of July 31, 2013

NEA FUNDED SUBSIDY (3 BARANGAYS)

WORK ORDER NO. 2012 - 06 - 25
PROJECT NAME: BRGY. REMEDIOS, R.T. LIM LINE ENHANCEMENT PROGRAM (BLEP-BATCH 2-2011)

(A.) AMOUNT RECEIVED (net):
ORs# 196647 (02/17/12) and 211895 (08/14/12) 2,791,073.04

AMOUNT RECEIVED (90%) **2,791,073.04**

(B.) EXPENDITURES:

REFERENCE MATERIALS	DATE	DESCRIPTION/PARTICULARS	AMOUNT	SUB-TOTAL	TOTAL
CV#35289	5/28/2012	Materials	371,720.08		
CV# 35836	7/5/2012	Materials	336,424.86		
CV# 37188	12/21/2012	Materials	408,577.60	1,116,722.54	1,116,722.54
Labor					
CV# 35289	5/2/2012	Payroll clearing account	224,415.67	224,415.67	
Housewiring Labor					
CV# 38142	4/15/2013	Payment of Housewiring Labor	15,000.00	15,000.00	
Overhead					
CV# 35289	5/2/2012	Hauling/Freight and Handling Expenses	49,683.97		
CV# 35836	7/5/2012	Hauling Expenses	34,778.79		
CV# 37188	12/21/2012	Hauling Expenses	14,905.19		
CV# 34918	3/16/2012	Salaries and Wages	6,080.30		
CV# 34919	3/16/2012	Meal Allowance	1,400.00		
CV# 34921	3/16/2012	Transportation	2,000.00	108,848.25	108,848.25
			TOTAL		1,225,570.79

Total Project Expenditures	1,225,570.79
Payables	907,704.16
Balance of Funds	657,798.09

Prepared By:

Checked By:

Verified By:

Audited By:

Approved By:

