



5 May 2016

**MEMORANDUM**

**TO : ALL ELECTRIC COOPERATIVES**

**SUBJECT : Guidelines in the Preparation of Accounting of Funds (AOF)**

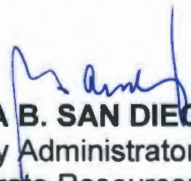
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1. NEA issued Memo No. 2015-036 dated 9 December 2015 setting the Guidelines in the Preparation of Accounting of Funds (AOF) and Identification of Allowable Charges Against Contingency Funds for Subsidy Funded Projects.
2. Based on the guidelines, AOF is prepared on a per MOA and per project basis based on net amount received. However, the General Appropriations Act (GAA) of FY 2016 RA 10717 provides that "the EAO expenses shall be treated or booked up as capitalized expenditures and form part of the project cost".
3. To comply with the provision of the GAA, the amount per MOA will be inclusive of 2% EAO and AOF will likewise be prepared based on the gross amount (inclusive of 2% EAO). Attached is the revised AOF template.
4. EC is required to account the 2% EAO expenses with the following entries:
  - a. Upon receipt of the subsidy funds

Cash In Bank	xx	
CWIP – unassigned overhead	xx	
Accounts Payable – Subsidy		xxx
  - b. Upon liquidation

Accounts Payable – Subsidy	xxx	
Donated Capital		xxx
5. To close the clearing account of CWIP- unassigned overhead account, work order procedure of pro-rating the amount based on a per project cost shall be done.

For your guidance and strict compliance.

  
**SONIA B. SAN DIEGO**  
Deputy Administrator  
Corporate Resources and  
Financial Services

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

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

**A. AMOUNT RECEIVED :**

Total Project Cost	6,701,769.81
Less: 2% EAO	<u>131,407.25</u>
Amount Received	6,570,362.56

**AMOUNT RECEIVED (90%):**

OR#196647 (02/17/12)/1st release	5,110,281.99	
OR#211895 (08/14/12)/2nd release	<u>1,460,080.57</u>	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
	<b>Sub-Total</b>	<b>3,851,392.11</b>	<b>782,903.07</b>	<b>295,028.35</b>	<b>907,704.16</b>	<b>5,837,027.69</b>

**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

Audited By:

INTERNAL AUDIT

Verified By:

FINANCE DEPARTMENT

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 (gross):**

Total Project Cost	2,846,894.50
Less: 2% Engineering and Administrative Overhead (EAO)	<u>55,821.46</u>

**NET AMOUNT RECEIVED** **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: MCT# 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
<b>Labor</b>					
CV# 35289	5/2/2012	Payroll clearing account	224,415.67	224,415.67	
<b>Housewiring Labor</b>					
CV# 38142	4/15/2013	Payment of Housewiring Labor (No. of House Connections)	15,000.00	15,000.00	239,415.67
<b>Overhead</b>					
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
		<b>TOTAL</b>			<b>1,255,131.88</b>

**(C.) INPUT TAXES:**

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

Prepared By:

Checked By:

Verified By:

Audited By:

Approved By:

Note: As per COA advise, the EC should group the submitted supporting documents for materials, labor and overhead.

**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 (gross):**  
Total Project Cost 2,846,894.50  
Less: 2% Engineering and Administrative Overhead (EAO) 55,821.46

**NET AMOUNT RECEIVED** 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	
<b>Overhead</b>					
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:

Note: As per COA advise, the EC should group the submitted supporting documents for materials, labor and overhead.

**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 (gross):**

Total Project Cost	2,846,894.50
Less: 2% Engineering and Administrative Overhead (EAO)	55,821.46

**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
<b>Labor Payroll</b>					
CV# 35289	5/2/2012	Payment of Labor	448,831.34	448,831.34	
<b>Housewiring Labor</b>					
CV# 38142	4/15/2013	Payment of Housewiring Labor (No. of House Connections)	15,000.00	15,000.00	463,831.34
<b>Overhead</b>					
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
		<b>TOTAL</b>			<b>1,542,451.21</b>

**(C.) Input Taxes:**

Materials	(906,867.96 x .12)	108,824.16	<b>108,824.16</b>
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Total Project Expenditures	<b>1,651,275.37</b>
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Add: Payables	<b>907,704.16</b>
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Balance of Funds	<b>232,093.51</b>
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Prepared By:

Checked By:

Verified By:

Audited By:

Approved By:

Note: As per COA advise, the EC should group the submitted supporting documents for materials, labor and overhead.

**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 (gross):**

Total Project Cost	2,846,894.50
Less: 2% Engineering and Administrative Overhead (EAO)	55,821.46

**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
<b>Labor</b>					
CV# 35289	5/2/2012	Payroll clearing account	224,415.67	224,415.67	
<b>Housewiring Labor</b>					
CV# 38142	4/15/2013	Payment of Housewiring Labor	15,000.00	15,000.00	
<b>Overhead</b>					
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
			<b>TOTAL</b>		<b>1,225,570.79</b>

Total Project Expenditures	<b>1,225,570.79</b>
Payables	<b>907,704.16</b>
Balance of Funds	<b>657,798.09</b>

Prepared By:

Checked By:

Verified By:

Audited By:

Approved By:

Note: As per COA advise, the EC should group the submitted supporting documents for materials, labor and overhead.

CAR

Total, Project(s)	2,476,984,000	2,476,984,000
TOTAL NEW APPROPRIATIONS	P 2,476,984,000	P 2,476,984,000

**Special Provision(s)**

1. Subsidy to the National Electrification Administration. The amount of Two Billion Four Hundred Seventy Six Million Nine Hundred Eighty Four Thousand Pesos (P2,476,984,000) appropriated herein as subsidy for the NEA shall be used in support of the following projects:

Sitio Electrification Projects	P 1,817,384,000
Electrification of the NHA Yolanda Permanent Housing Sites	659,600,000

The NEA is authorized to deduct engineering and administrative overhead (EAO) expenses not exceeding two percent (2%) of the project cost. The authorized EAO expenses shall be limited to: (i) pre-construction activities after detailed engineering; (ii) construction project management; (iii) testing and quality control; (iv) acquisition, rehabilitation and repair of related equipment and parts; and (v) contingencies in relation to pre-construction activities. The EAO expenses shall be treated or booked-up as capitalized expenditures and form part of the project cost.

In the implementation of the above Projects, the NEA shall observe the following:

(a) For Sitio Electrification Projects, prioritize sitios where the absolute number of indigents and the incidence of poverty are high as identified in the latest official poverty statistics of the PSA-NSCS as well as those with the high probability of being energized;

(b) Loans outlay to electric cooperatives shall be recorded as equity contribution of the National Government to NEA when its authorized capitalization is increased by law, while grants thereto remain to be treated as subsidy; and

(c) Prohibition on the use of subsidy for the payment of salaries, allowances, incentives, separation or retirement benefits.

Release of funds shall be subject to the submission of: (i) for Sitio Electrification Projects, a certification from the barangay chairperson on the population and number of houses per sitio, map of the municipality or city indicating the sitios and barangays to be energized and cost of energizing a sitio; and (ii) for Electrification of the NHA Yolanda Permanent Housing Sites, the targeted number of housing units to be energized.

The NEA shall submit to the DNM, the House Committee on Appropriations and the Senate Committee on Finance, either in printed form or by way of electronic document, quarterly reports on the utilization of funds. The Administrator of NEA and the Administration's web administrator or his/her equivalent shall be responsible for ensuring that said reports are likewise posted on the NEA website.

2. Bottom-Up Budgeting Projects. The amount of Twenty Seven Million Two Hundred Eighty Two Thousand Eight Hundred Fifty Three Pesos (P27,282,853) appropriated herein under the Sitio Electrification Projects shall be used for the Bottom-Up Budgeting (BuB) Projects. LGUs that will implement BuB Projects shall be limited to those that have complied with the requirements of Good Financial Housekeeping under the Seal of Good Local Governance and LGU Public Financial Management Improvement Program pursuant to DNM-DILG-DSWD-MAPC JMC No. 5 dated October 1, 2014 and such other criteria as may be provided in the guidelines.

The NEA shall submit to the DNM, the House Committee on Appropriations and the Senate Committee on Finance, either in printed form or by way of electronic document, quarterly reports on the financial and physical accomplishments of BuB projects. The Administrator of NEA and the Administration's web administrator or his/her equivalent shall be responsible for ensuring that said reports are likewise posted through the OpenBuB Portal.

3. Special Provisions Applicable to all Government Corporations. In addition to the foregoing special provisions, the special provisions applicable to all government corporations enumerated under the Budgetary Support to Government Corporations- Others shall be observed by the NEA.

New Appropriations, by Programs/Activities/Projects

PROJECTS	Current Operating Expenditures			Total
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	
Locally-Funded Projects				
Power and Communication Infrastructure		P 2,476,984,000		P 2,476,984,000
Electrification		2,476,984,000		2,476,984,000
Sitio Electrification Project		1,817,384,000		1,817,384,000