



NATIONAL ELECTRIFICATION ADMINISTRATION

"The 1st Performance Governance System-Institutionalized National Government Agency"
57 NIA Road, Government Center, Diliman, Quezon City 1100



13 May 2016

MEMORANDUM No. 2016-004

TO : **ALL ELECTRIC COOPERATIVES (ECs)**

SUBJECT : **Final Release of Subsidy Funds for SEP/BLEP**

Delayed liquidation of subsidy funds for the Sitio Electrification Program (SEP) and Barangay Line Enhancement Program (BLEP) by electric cooperatives (ECs) was observed in the recent Audit Observation Memorandum (AOM) issued to NEA by the Commission on Audit (COA).

In accordance with the Memorandum of Agreement between NEA and ECs, a final report on the project(s) to include original copies of Accounting of Funds (AOF), Status Report of NEA Subsidy fund releases and Certificate of Final Inspection and Acceptance must be submitted by the ECs to NEA within three (3) months from completion of the project which shall be the basis for liquidation. The EC's non-compliance with the timeline for the submission of AOF and other documentary requirements for the release of final payment slow down the liquidation.

To tackle this issue directly, various discussions between our Accelerated Total Electrification Office (ATEO) and the ECs were undertaken. Results of said discussions revealed that the main contributor to delayed liquidation, particularly in the preparation of the AOF, was the slow phase of household connection.


Slow phase maybe partly caused by various LGU and other required compliances for member-consumers prelude to connection. ECs likewise claimed that the housewiring materials, kwh meters and service drop wires were already purchased and partially installed but, the recipient consumers who were mostly marginalized cannot immediately complete the requirements prior to connection.

As part of the process in the final release of subsidy fund, the amount of uninstalled housewiring materials, kwh meters and service drop including allocation for labor cost are deducted in the amount for release. Thus, the ECs took time to submit the request for final payment. This portion significantly slowed down liquidation of projects, even if its amount may be considered as least material compared to the cost of the distribution line facilities.

In order to effectively address this concern, and fast track release of remaining funds to ECs and subsequently allow a faster phase of liquidation of subsidies, the following directives are issued:

1. A separate release of final payment for a) distribution line facilities and b) household connection expenses (housewiring materials and labor, kwh meters, service drop) shall be adopted. The EC should submit separate Budget Requests and Accounting of Funds for this purpose.
2. The EC should be able to liquidate the final household connection expenses within three (3) months from the final release of payment for the distribution line facilities. Non-compliance will automatically cancel any further claim by the EC.

For your guidance and strict compliance.


EDITA S. BUENO
Administrator



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5/26/16