



18 February 2022

INSTITUTIONAL ADVISORY NO. 42

TO : ALL ELECTRIC COOPERATIVES

SUBJECT : REITERATING NEA BULLETIN NO. 35, FUNCTIONS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

In line with the functions and authority of the National Electrification Administration (NEA) provided in Chapter II, Section 5 (I) of RA 10531 to enforce institutional and governance standards for the efficient operation of the electric cooperatives (ECs), the NEA reiterates prohibitions specifically Item No. 2 of the NEA Bulletin No. 35 dated 18 June 1990, regarding the Functions and Responsibilities of the Board of Directors.

Prohibition of the said Bulletin provides that "Board Members should not directly or indirectly involve themselves in functions that inherently belong to Management such as, for example, material purchases and procurement. Relative to these instances, they should not sit as members of the REC's bid and awards committee, but should confine themselves to laying down policies for Management's guidance". Accordingly, the Board Directors are prohibited to directly participate in the procurement process, except as observer.

Also included in the same NEA Bulletin, among the duties and responsibilities of the Board Directors is to ensure protection of the assets of the cooperative. Hence, the ECs are reminded that no coop funds shall be used for a Board Director, officers and employees running as candidate in the National/Local elections and in the EC District Elections.

Relative to this, be mindful of the NEA Memorandum No. 2021-51, "Guidelines in the Conduct or Participation of ECs in Certain Activities", particularly Item No. 1 which requires that "EC facilities, equipment and resources including the services of its officers, employees and other personnel shall be used exclusively for the EC operations and activities. ECs are likewise enjoined to refrain from allowing such facilities, equipment and resources from being used in any way that are not relevant to the purpose for which the EC was organized".

For strict compliance.

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