



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

NATIONAL ELECTRIFICATION
ADMINISTRATION

IN REPLYING, PLS. CITE: #OR023244



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