

[NEA MEMORANDUM, April 04, 2005]

REVISED GUIDELINES ON CLOSE OUT OF ALL COMPLETED CONSTRUCTION PROJECTS FOR THE ELECTRIC COOPERATIVES (ECS)

I.

Rationale

The Monthly Financial and Statistical Report (MFSR) of the ECs shows an alarming amount of Construction Work in Progress (CWIP) for several years now. The main reason for this prevalent situation is the failure of the ECs to close-out their completed projects due to the non-implementation of Work Order Procedure, giving rise to accounts that were not treated properly in the books. This practice denied the ECs the opportunity to reflect their actual financial condition.

II.

Objectives

- a. To amend and simplify the existing procedures to be followed and documents to be submitted by the Electric Cooperatives (ECs) in the final inspection and acceptance of construction projects undertaken either by force account or by contract and regardless of funding source.
- b. To encourage the ECs to reclassify their completed projects properly in their books so that only current projects will remain in their CWIP account.
- c. To provide a more accurate report that will reflect the true financial condition of the ECs.

III

Implementing Guidelines

- a. The ECs shall be responsible for the preparation of all supporting documents for close out of all completed construction projects. For construction projects funded other than internally generated funds (IGF), such as: loans, subsidies and Priority Development Assistance Fund (PDAF), coursed through NEA, the NEA shall be represented in the conduct of the final inspection and acceptance.
- b. NEA shall release funds for the ECs succeeding project of the same classification, such as: rehab/revamp, rehab/upgrading, expansion, etc., only when their previous project has been properly inspected and accepted.
- c. Funds for construction of distribution lines to barangays and sitios included in the approved work plan and committed for energization within the year maybe released by NEA in full amount in order to enable the concerned ECs to complete the project as committed.