

Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
EMPLOYEES' COMPENSATION COMMISSION
ECC Building, 355 Sen. Gil J. Puyat Avenue, City of Makati

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COA ANNUAL AUDIT REPORT 2013
MANAGEMENT COMMENTS/ACTIONS TAKEN
For the Quarter Ending December 31, 2014

OBSERVATIONS	RECOMMENDATIONS	COMMENTS/ACTION TAKEN
<p>1. The absence of implementing rules and regulations (IRR) on Article 178 of PD 626, as amended on the utilization of the 12% EC and SIF resulting in the non-conformity of charging management fee/operational expenses against the ECIF/SIF by the GSIS and SSS.</p>	<p>ECC to initiate the formulation of IRR on Art. 178 of PD 626, as amended on the utilization of the 12% ECIF and SIF to regulate charges of the fund</p>	<p>Partially Implemented/ongoing During the Commission Meeting on Oct 8, 2014, the GSIS, through its member-designate, Atty. Dionisio C. Ebdone, Jr, informed the Commission that the GSIS Board has approved the use of the Benefit Payment Ratio instead of charging 10% of the actual premium contribution collected as management fee. The Commission has yet to receive the official report from the GSIS. Implemetation will be on 2015.</p>
<p>2. Cash amounting to P321.312 million was placed in the time deposits with two government banks earning minimal interest of .835 and 1.125 per cent per annum, thereby losing the</p>	<p>The management, through its Finance Division, consider investing its unutilized cash in other acceptable alternative investments, such as in government securities earning higher yield. The preparation of an</p>	<p>Implemented The ECC already received and reviewed the proposals from government authorized depository banks like DBP, Postal Bank and LBP of their money/fund placement program best suited to the unutilized cash of the ECC</p>

<p>opportunity to earn higher yield.</p>	<p>investment plan for its unutilized cash to maximize interest earnings may also be considered</p>	<p>and considered placement at LBP in the meantime.</p> <p>As of to date, the collections of loading funds from the Systems were deposited with Land Bank of the Philippines under the High Yield Savings for longer period of maturity date from 90 to 180 days and 365 days for the unutilized funds for higher interest rates and earnings.</p>
<p>3. ECC deposits funds with Philippine National Bank, a private bank, without prior approval from the Department of Finance(DOF) contrary to DOF Departmentr Order No. 27-05.</p>	<p>Secure approval form the Department of Finance to maintain deposits with Philippine National Bank pursuant to DOF Order No. 27-05 dated 9 December 2005.</p>	<p>Implemented</p> <p>On October 20, 2014, ECC received a DOF letter of denial dated October 13, 2014, on the request for the continued maintenance of its funds to PNB..</p> <p>The ECC took necessary steps to wind down deposits with PNB and negotiated with LBP in handling the ATM salary payments of the employees. As of to date , the ECC has already transfered all the remaining time deposit accounts with PNB at LBP.</p>
<p>4. Additonal anniversary bonus totalling p413,00 granted tomthe ECC officials and employees (P7,000 for each official/employee) in calendar year 2013 has no legal basis.</p>	<p>Adhere strictly to Section 2.6 of AO 263 on the grant of anniversary bonus only once every five years, regardless of tranfers form one government entity</p> <p>Require the ECC officials and employees to refund the anniversary bouns.</p>	<p>Partially Implemented / Ongoing</p> <p>Letter request to Dole-Financial Management Service was sent on April 15, 2014 requesting inclusion of the ECC in the DOLE's quest for clarification together with other DOLE agencies who also received COA AOM on its grant of additional bonus to employees on the occassion of the DOLE's milestone</p>

<p>5.The interest of the ECC over the outstanding obligation amounting to P885,551 as of December 31, 2013 is not protected in the absence of Memorandum of Agreement and Contract of Lease with the Employers' Confederation of the Philippines(ECOP) for occupying the free-office space and lease fo a room, respectively, at the ECC Building.</p>	<p>Exert more effort to finalize immediately with ECOP the MOA for the occupancy of the free-office space and the contract of lease and if warranted, indorse this matter for immediate action to the ECC Board of Directors since the Chairman of the Board is an ECC Board Member</p>	<p>anniversary.</p> <p>Letter reply of DOLE – FMS dated July 7, 2014 was submitted to COA Audit Team Leader on August 7, 2014.</p> <p>Notice of Suspension (NS) no 2014-001 (13) was issued on October 22, 2014 requiring ECC to submit Authority from the Office of the President on the grant of additional anniversary bonus which the ECC will comply within 90 days from the receipt of the said NS.</p> <p>Fully Implemented The MOA for the occupancy of the free office space and the contract of lease for the use of room were signed by both parties on June 24, 2014.</p> <p>Implemented AS of December 2, 2014, the ECOP has fully paid its prior years obligation.</p>
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Employers' Confederation of the Philippines (ECOP) for occupying the free-office space and lease for a room, respectively, at the ECC Building.

Exert more effort to finalize immediately with ECOP the MOA for the occupancy of the free-office space and the contract of lease and if warranted, indorse this matter for immediate action to the ECC Board of Directors since the Chairman of the Board is an ECC Board Member

anniversary.

Letter reply of DOLE – FMS dated July 7, 2014 was submitted to COA Audit Team Leader on August 7, 2014.

Notice of Suspension (NS) no 2014-001 (13) was issued on October 22, 2014 requiring ECC to submit Authority from the Office of the President on the grant of additional anniversary bonus which the ECC will comply within 90 days from the receipt of the said NS.

Fully Implemented
The MOA for the occupancy of the free office space and the contract of lease for the use of room were signed by both parties on June 24, 2014.

Implemented
AS of December 2, 2014, the ECOP has fully paid its prior years obligation.

<p>5. Most of the activities reported in the annual GAD Accomplishment Report were the regular activities of the ECC due to failure of the Management to use the Harmonized Gender and Development Guidelines (HGDG).</p>	<p>Use the gender analysis tool, Harmonized Gender and Development Guidelines in attributing a portion or the whole of the budget of its major programs during its GAD planning and budgeting phase as provided for under paragraph 6.4.1 and 6.4.2 of DBM Circular No. 2012-01</p> <p>Coordinate with different division to identify their programs that are gender responsive.</p>	<p>Fully Implemented</p> <p>GAD Focal Person and Planning Office 111 of the ECC attended the National Gender and Development (GAD) Planning and Budgeting Conference towards Enhancing DOLE GAD 2014 - 2016 Planning Tool. During the workshop, ECC presented the ECC 2014 Reformulated Annual GAD Plan and Budget.</p> <p>On July 8, 2014, the ECC 2015 Reformulated Annual GAD Plan and Budget was submitted to DOLE GAD Focal Agency -- The Bureau of Workers with Special Concerns.</p> <p>Coordination with the different divisions to identify their programs that are gender responsive has been made with the PPSMD</p>
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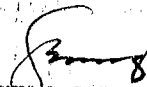
1. Annex A should be submitted in WORD Format to facilitate consolidation.
2. Submission should include a copy of the transmittal of the said documents to the COA Auditor.

Prepared by:



JESUS Z. BARROZO
IAU, Head

Certified by:



STELLA Z. BANAWIS
Executive Director