

FY 2014 CAAR (COA ANNUAL REPORT)/ Management Letter  
2015 August ACCOMPLISHMENT REPORT

Agency: Employees' Compensation Commission

Observations (Total Nos.)	Recommendations (Total Nos.)	Materiality	Actual Taken	Actions Person/ Division Responsible	Supporting Documents
<b>A. 2014</b>					
<p>I. The ECC has not completed the study on the appropriate contribution rate of an employer with the high frequency of work accidents or occupational disease due to failure to observe adequate safety measures contrary to Paragraph (b), Article 177 of P.D. No. 626. Thus, the contribution rates paid by the employers and the related benefits are just at par with employers observing adequate safety measures to the disadvantage of their employees.</p>	<p>A. Coordinate with the SSS, OSHC and DOLE through its bureau, the BWC and other concerned government agencies to obtain the necessary and additional information that will facilitate the completion of a study and the proper approach to address the ECC function of determining the appropriate contribution rate.</p>	<p>Low</p>	<p>Meeting with OSHC and BWC conducted on July 16, 2015. BWC will provide Report to ECC on work accidents. Service level agreement with the Systems (SSS and GSIS) included the data sharing on EC claims to obtain real-time information on EC</p>	<p>PPSMD</p>	

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<p>said Cooperative are disadvantageous to the ECC.</p>	<p>agreement: - penalty / surcharge for delayed or non-payment of utilities; and - other reasonable terms and conditions applicable to both parties.</p> <p>B. Execute an Agreement or Contract between and among the ECC, the ECC-EU and the RMG Catering and Restaurant for canteen concessionaire; and</p> <p>C. Prepare a written policy on</p>		<p>B.A Memorandum of Agreement for the operation of the ECC Employees' Union Cafe between the ECC EU and the RMG Catering and Restaurant was signed in August 13. 2015.</p> <p>Written policy is</p>		

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	<p>income generating projects particularly the rental/lease of areas of the building duly approved by the Governing Board for proper implementation of the concerned office of ECC. Accordingly, adjust the existing rental rates of the canteen space to be at par with the rental rates of other areas of the ECC building.</p>		<p>already prepared for submission to ECC/OSHC Board for approval</p>		
<p>3. Several unserviceable and serviceable but are no longer being used property totalling to P3.029 million were not disposed of and were not classified under Other Assets account as at year-end. contrary to Paragraph 82 of the Philippine Public Sector</p>	<p>A. Conduct a complete physical count of all unserviceable and serviceable assets and prepare the IIRUP to facilitate the immediate appraisal and disposal of all unserviceable properties and support the dropping from the</p>	<p>low</p>	<p>A. Physical Inventory of unserviceable and serviceable assets completed. IIRUP on IT Equipment and Software</p>	<p>Admin-Supply</p>	<p>Inventory and Inspection Report of Unserviceable Property as of May 15, 2015.( Attached in July report)</p>

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<p>Accounting Standards (PPSAS) 17 and Section 79 of Presidential Decree No. 1445</p>	<p>books thereof, as well as maximize the benefits that could be derived from the said disposal;</p> <p>B. Reclassify to Other Assets account the unserviceable and serviceable but no longer being used property totalling P3,029 million while awaiting disposal;</p>		<p>approved by ED on May 19, 2015 and submitted to Finance Division and COA. IIRUP on Furniture and Fixtures and Office Equipment completed and submitted on July 6, 2015 and approved by ED on July 30, 2015.</p> <p>B. Unserviceable IT per Inventory and Inspection Report of Unserviceable property dated May 2015 were</p>	<p>Finance Division</p>	

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			reclassified to other asset account amounting to P 1,416,561.98. Unserviceable Furniture and Fixture amounting to P590,613.02 and unserviceable office equipment amounting to P895,951.48 per approved IIRUP dated July 30, 2015 were reclassified to other assets in August 2015. Adjustments were made per general		

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	C. Create a committee on Disposal of Property/ Assets and to formulate guidelines on the disposal of property / assets.		journal dated August 29, 2015.  C. A committee was created per Office Order No. 12-208 Series of 2012 dated November 22, 2012	Admin/Supply	Office Order No. 12-208, Series of 2012 (attached in July report)
4. The payment of P726.324 to the ECC Employees Union for the procurement of the ECC employees' health insurance as an incentive in the Collective Negotiation Agreement for 2013 under the Wellness Program is contrary to COA Resolution	A. Refund the P726.324 paid through the ECC Employees Union for the procurement of the ECC employees health insurance for CY 2014	Low	A meeting of the ECC management and the ECC EU was held on July 24, 2015. Both parties agreed to submit proper justification to	Admin	

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<p>NO.2005-1 dated February 3, 2005 and Section 4.2.2 of DBM Budget Circular No. 2013-4 dated November 25, 2013.</p>	<p>B. Discontinue the practice of procuring private health insurance;</p> <p>C. Strictly comply with DBM Budget Circular No. 2013-4 dated November 25, 2013 on the grant of CNA Incentive for a particular year.</p>		<p>COA upon receipt of the Notice of Disallowance (ND).</p> <p>The practise of procuring private health issuance as an incentive in the CNA discontinued.</p> <p>Strict compliance to rules and regulations is implemented.</p>		
<b>B.Prior Years</b>					
<b>2013</b>					
I.The absence of implementing	A. Initiate the formulation of	Low	The Benefit	Appeals	Partially

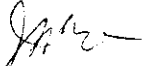
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<p>rules and regulations (IRR) on Article 178 of P.D.626 on the utilization of the 12 percent Employees' Compensation and State Insurance Fund (EC-SIF) resulted in the non-uniformity of charging management fee/operational expenses against the EC-SIF by the GSIS and SSS.</p>	<p>IRR on Article 178 of P.D. No.626 on the utilization of the 12 percent ECIF and SIF:</p> <p>B. Coordinate with the technical Working Group composed of representatives from the ECC, GSIS, SSS employers and workers sectors to regulate charges to the fund; and</p> <p>C. Accordingly recommend to the ECC Board for the approval of the IRR.</p>		<p>Payment ratio formula in computing the administrative fee (management fee) for the ECIF will be adopted starting calendar year 2015 as approved under GSIS Board Resolution No. 143 dated September 25, 2014 as certified by the GSIS Corporate Secretary.</p> <p>The FS of the GSIS for the 1<sup>st</sup> quarter of CY2015 are still to be validated on the</p>	<p>Division</p>	<p>Implemented</p>



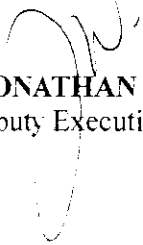
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			the adoption of the said Benefit Payment Ratio in the charging of Management Fees.		
2.Additional anniversary bonus totalling P413,000 granted to the ECC officials and employees(P7,000.00 for each official/employee) in calendar year 2013 has no legal basis	Adhere strictly to section 2.6 of AO263 on the grant of anniversary bonus only once every five years, regardless of transfers from one government entity. Require the ECC officials and employees to refund the anniversary bonus	low	Follow up from the Office of the President the letter of the ECC for authority to additional anniversary bonus grant is ongoing	Administrative Division	Partially implemented/ ongoing
<b>2006</b>					
4. Function of the ECC not properly addressed such as "to determine the rate of contribution payable by an Employer whose	For Management to coordinate with the System regarding the required information to perform this function. If	Low	For Study in coordination with SSS and OSHC'	PPSMD	Reiteration CAAR 2014 Item # 1

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records show a high frequency of work accidents or occupational disease due to failure by the said employer to observe	possible. enter into a Memorandum of Agreement to enforce compliance with the System as the administering agencies.				

Prepared by:

  
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Noted by:

  
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Date: 18-August15