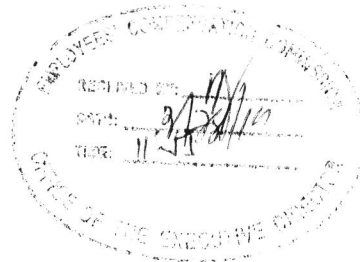




**Republic of the Philippines**  
**COMMISSION ON AUDIT**  
**Corporate Government Sector**  
Cluster 2 – Social Security Services and Housing

March 27, 2019

**Ms. Stella Zipagan-Banawis**  
Executive Director  
Employees' Compensation Commission  
4th floor, ECC Bldg., Sen. Gil J. Puyat Ave.,  
Makati City



**Dear Ms. Banawis:**

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our report on the results of the audit of the accounts and operations of the Employees' Compensation Commission (ECC) for the years ended December 31, 2018 and 2017.

The report consists of the Independent Auditor's Report, the Audited Financial Statements, the Observations and Recommendations and the Status of Implementation of Prior Years' Audit Recommendations.

The Auditor rendered an unmodified opinion on the fairness of the presentation of the financial statements of the Commission as at December 31, 2018 and 2017.

The significant observations and recommendations that need immediate actions are as follows:

1. Due to Officers and Employees account totaling P5.640 million or 54 per cent of the account balance as at December 31, 2018, consists of payables which are no longer valid obligations and/or not supported with documents to prove the validity of the obligations, contrary to Section 4 (6) of Presidential Decree No. 1445.

We recommended that Management:

- a. Strictly comply with Section 4 (6) of P.D. No. 1445 on the recognition of payables affecting the Due to Officers and Employees account; and
  - b. Exert more efforts to locate the related documents to be able to analyze and review the validity of the payables recorded as Due to officers and employees; and
  - c. Revert to Surplus account specifically the accrual of PBB amounting to P5.133 million which has been disapproved by the GCG and those accounts that require adjustments.
2. Other Deferred Credits–Unreceipted Deposits account amounting to P1.884 million representing receipt of collection from unidentified payors directly deposited to OSHC bank account remained unreconciled with the appropriate Accounts Receivable account, contrary to the provision of Section 111(2) of P.D. No. 1445,

balances of said account by the same amount and Accounts Receivable account of P9.880 million.

We recommended that Management:

- a. Oblige the Cashier to monitor, on a daily basis, the unidentified deposits under the OSHC savings account and exert effort to coordinate with offices/personnel concerned to reconcile the same;
- b. Require the Accountant to prepare immediately the appropriate accounting entries to adjust the accounts affected for any items already identified and/or documented;
- c. Adopt measures to avoid, if not eliminate, the recurrence of reconciling items of this nature; and
- d. Require the Cashier and Accountant to work closely together in monitoring payments thru bank and the recording and to coordinate with the bank for the possibility of gathering depositor's information.

The other audit observations together with the recommended courses of action which were discussed by the Audit Team with concerned Management officials and staff during the exit conference conducted on March 05, 2019, are discussed in Part II of the report.

In a letter of even date, we requested the Executive Director of ECC to take appropriate actions on the recommendations contained in the report and to inform this Office of the actions taken thereon within 60 days from the date of receipt.

We acknowledge the support and cooperation that the Management extended to the Audit Team, thus facilitating the submission of the report.

Very truly yours,

**COMMISSION ON AUDIT**

By:

*me. Lisa P. Inguillo*

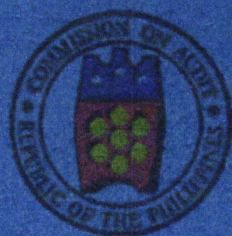
**MA. LISA P. INGUILLO**

Director III

Officer-in-Charge

Copy furnished:

The President of the Republic of the Philippines  
The Vice President  
The Speaker of the House of Representatives  
The Chairperson – Senate Finance Committee  
The Chairperson – Appropriations Committee  
The Secretary of the Department of Budget and Management  
The Governance Commission for Government Owned or Controlled Corporations  
The Presidential Management Staff, Office the President  
The UP Law Center  
The National Library



*Republic of the Philippines*  
**COMMISSION ON AUDIT**  
*Commonwealth Ave., Quezon City*

**ANNUAL AUDIT REPORT**

**on the**

**EMPLOYEES' COMPENSATION  
COMMISSION**

**For the Years Ended December 31, 2018 and 2017**

## **EXECUTIVE SUMMARY**

### **INTRODUCTION**

The Employees' Compensation Commission (ECC) is a government corporation created by virtue of Presidential Decree (P.D.) No. 626, dated December 27, 1974, as amended and as embodied in Title II of Book IV on Employees' Compensation and State Insurance Fund of the Labor Code of the Philippines. Said P.D. took effect on January 1, 1975 and the ECC became fully operational by March 17, 1975. Under P.D. No. 626, ECC is mandated to provide meaningful and appropriate compensation to workers and their dependents in the event of work-related contingencies such as sickness, injury, disability or death. These benefits are being processed by the Government Service Insurance System (GSIS) and the Social Security System (SSS) for the public and the private sectors, respectively.

The ECC is a quasi-judicial corporate entity attached to the Department of Labor and Employment (DOLE) for policy coordination and guidance. As an appellate body, it decides cases denied by GSIS and SSS which are elevated to the Commission for resolution. Cases denied by ECC are appealable to the Court of Appeals.

The ECC is mandated by law to provide a complete and comprehensive package of benefits and services for workers and their dependents in the event of work-related contingencies. Its mission is to build and sustain among employees and employers a culture of safety and healthful environment in the workplace; ensure at all times that workers are informed of their rights, benefits and privileges under the Employees' Compensation Program; develop and implement innovative policies, programs and projects that meet the needs of workers with work-related contingencies; promptly and fairly resolve all cases brought before it; restore dignity and self-esteem among occupationally disabled workers; and safeguard the integrity of the State Insurance Fund (SIF). All revenues that are not needed to meet the current operational expenses shall be accumulated in a fund to be known as the SIF. Under P.D. No. 626, the GSIS and the Social Security System SSS shall manage the ECC funds.

The ECC is exempted from levy and other taxes pursuant to Article 204 of P.D. No. 626 as amended on December 27, 1974.

On November 4, 1987, President Corazon C. Aquino issued Executive Order (EO) No. 307, establishing an Occupational Safety and Health Center (OSHC) in the ECC. The OSHC is envisioned as the national authority for research and training on matters pertaining to safety and health at work. It provides the expertise and intervention mechanism to improve workplace conditions in the Philippines.

The Center has a dual mandate of protecting Filipino workers against accidents and illnesses and promoting worker's welfare through effective programs that enhance productivity, worker's well-being and affording social protection to its client sector. It adopts a multi-sectoral strategy with its partners – business sector, worker's group, other Government Organizations (GOs) and Non-Government Organizations (NGOs) and the academe, to fulfill its mandate.

In July 1991, the OSHC has been designated as the national CIS or Centre International d'Informations de Securite et de Sante au Travail (International Occupational Safety and Health Information Center) for the Philippines to become the focal agency which receives information matters from the CIS Center in Geneva and the Asia-Pacific Regional Program on Occupational Safety and Health based in Bangkok, which is under the International Labor Organization (ILO), and disseminates these matters of the inter-agency committee and the other data users in the Philippines. This is consistent with its critical responsibility to provide access and improve the quality of occupational safety and health information in the Philippine workplace. CIS Center is the knowledge management arm of the InFocus Programme on Safety and Health at Work and the Environment (SafeWork).

The programmed activities of OSHC's Regional Extension Units (REUs) include learning sessions on Developing Occupational Safety and Health Services, Risk Assessment for the Prevention of Sexual Harassments, Industrial Hygiene, Work Environment Measurement, Mandatory Safety Trainings, and Safety Audits.

ECC's registered office address is at the 4<sup>th</sup> and 5<sup>th</sup> floors of ECC Building, Sen. Gil J. Puyat Avenue, Makati City, while the registered office of the OSHC is at North Avenue corner Agham Road, Diliman, Quezon City.

The governing body of the ECC is the Board of Commissioners composed of five ex-officio members, namely: the Secretary of Labor and Employment as Chairman, the GSIS General Manager, the SSS Administrator, the Chairman of the Philippine Medical Care Commission, and the Executive Director of the ECC Secretariat, and two appointive members, one of whom shall represent the employees and the other, the employers, to be appointed by the President of the Philippines for a term of six years.

The ECC's corporate operating budget is chargeable against the State Insurance Fund (SIF), which shall not exceed four per cent of the 12 per cent loading fund based on the total of the SIF and its earnings as at December 31 of the preceding year, to be shared by the SSS and GSIS on a 70 per cent and 30 per cent basis, respectively. The SSS and GSIS shall advance on a quarterly basis the remittances of allotment of the loading fund.

The ECC 2018 Corporate Operating Budget (COB) amounting to P532.490 million as approved by the Department of Budget and Management (DBM) were sourced from the remittances of GSIS and SSS as mandated under P.D. No. 626 and from its income/retained earnings. The budget utilization of the ECC is shown below:

	<b>DBM Approved Budget</b>	<b>Utilization</b>	<b>Variance</b>
Personal services	145,070,000	147,507,092	(2,437,092)
Maintenance and other operating expense/Financial cost	267,925,000	150,161,677	117,763,323
Capital outlay	119,495,000	24,053,621	95,441,379
	<b>532,490,000</b>	<b>321,722,390</b>	<b>210,767,610</b>

## FINANCIAL HIGHLIGHTS (In Philippine Peso)

### I. Comparative Financial Position

	2018	2017	Increase (Decrease)
Assets	889,901,193	915,088,195	(25,187,002)
Liabilities	102,975,555	116,122,514	(13,146,959)
<b>Equity</b>	<b>786,925,638</b>	<b>798,965,681</b>	<b>(12,040,043)</b>

### II. Comparative Results of Operations

	2018	2017	Increase (Decrease)
Income/Finance income	309,977,228	311,798,734	(1,821,506)
Expenses/Finance costs	322,017,271	296,210,356	25,806,915
<b>Net (Deficit)/Surplus</b>	<b>(12,040,043)</b>	<b>15,588,378</b>	<b>(27,628,421)</b>

## OPERATIONAL HIGHLIGHTS

Activities	Targets	Accomplishments	Variance
<b>I. ECC</b>			
1. Development and Review of Policies and Issuances on the Employees' Compensation Program (ECP)	8	8	-
2. Rehabilitation Services to PWRDs	806	1,385	579
3. ECP Advocacy Seminar	556	645	89
4. Development and Production of IEC Materials	5	5	-
5. ECP Dissemination through Quad- Media	50	78	28
6. Disposition of EC Appealed Cases	103	103	-
<b>II. OSHC</b>			
1. Capacity building thru training and information activities:			
a. Conduct of occupational safety and health (OSH) trainings	130 batches	225 batches	(95) batches
b. Develop information materials for dissemination to partners	8	8	-
2. Technical assistance and services	Demand driven	104,716 workers; 3,475 tests; 1,870 specimen; 547 requests	
3. Research completed	7	7	
4. OSH Networking	As requested	11 pax; 9 meetings	-
5. Organize summits/conferences	6	6	-
6. Conduct of 16th NOSH Congress	1 congress	1 congress with 1,711 pax @ PICC	

## **SCOPE OF AUDIT**

Our audits covered the significant accounts and operations of the ECC for the calendar years 2018 and 2017. Our audits were aimed to ascertain the accuracy of financial records and reports and the fairness of the presentation of the financial statements in accordance with the provisions of Philippine Public Sector Accounting Standards (PPSAS) and were also made to assess the propriety of the financial transactions and compliance of ECC with laws, rules and regulations.

## **AUDITOR'S OPINION**

We rendered an unmodified opinion on the fairness of the presentation of the financial statements of the ECC for the years ended December 31, 2018 and 2017.

## **SUMMARY OF SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS**

### **A. Financial Audit**

1. Due to Officers and Employees account totaling P5.640 million or 54 per cent of the account balance as at December 31, 2018, consists of payables which are no longer valid obligations and/or not supported with documents to prove the validity of the obligations, contrary to Section 4 (6) of Presidential Decree No. 1445.

We recommended that Management require the Accountant to:

- a. Strictly comply with Section 4 (6) of P.D. 1445 on the recognition of payables affecting the Due to Officers and Employees account; and
  - b. Exert more efforts to locate the related documents to be able to analyze and review the validity of the payables recorded as Due to officers and employees; and
  - c. Revert to Surplus account specifically the accrual of PBB amounting to P5.133 million which has been disapproved by the GCG and those accounts that require adjustments.
2. Other Deferred Credits–Unreceipted Deposits account amounting to P1.884 million representing receipt of collection from unidentified payors directly deposited to OSHC bank account remained unreconciled with the appropriate Accounts Receivable account, contrary to the provision of Section 111(2) of P.D. No. 1445, thereby casting doubt on the accuracy, reliability and verifiability of the year-end balances of said account by the same amount and Accounts Receivable account of P9.880 million.

We recommended that Management to:

- a. Oblige the Cashier to monitor, on a daily basis, the unidentified deposits under the OSHC savings account and exert effort to coordinate with offices/personnel concerned to reconcile the same;
- b. Require the Accountant to prepare immediately the appropriate accounting entries to adjust the accounts affected for any items already identified and/or documented;
- c. Adopt measures to avoid, if not eliminate, the recurrence of reconciling items of this nature; and
- d. Require the Cashier and Accountant to work closely together in monitoring payments thru bank and the recording and to coordinate with the bank for the possibility of gathering depositor's information.

#### **B. Compliance Audit**

3. The ECC has not yet complied with the Governance Commission for Government Owned or Controlled Corporations' (GCG) requirement for the submission of proposed Restructuring Plan (RP) to effect the Organizational Structure and Staffing Pattern appropriate for an integrated function and business of both ECC and OSHC, placing the OSHC under the immediate supervision of the ECC, as contained in GCG's letter dated February 10, 2017. Hence, overall responsibility for the executive function and accountabilities and responsibilities of officials and employees for operations and transactions are not defined.

We recommended that the Board of Commissioners require the ECC Officials to prioritize the preparation and submission of the proposed Restructuring Plan of ECC, incorporating OSHC's functions, projects, programs and activities and to come up with only one set of Financial Reports.

The other audit observations together with the recommendations are discussed in Part II of this report.

#### **STATUS OF SUSPENSIONS, DISALLOWANCES AND CHARGES AS AT DECEMBER 31, 2018**

As at December 31, 2018, audit disallowances and charges amounted to P4.003 million and P175,500, respectively. All audit suspensions were settled during the year.

#### **STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS**

Out of the 22 audit recommendations embodied in the prior years' Annual Audit Report, 12 were fully implemented and 10 were partially implemented. Details are presented in Part III of this Report.



**Republic of the Philippines**  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City

## **INDEPENDENT AUDITOR'S REPORT**

### **THE BOARD OF COMMISSIONERS**

Employees' Compensation Commission  
355 Sen. Gil J. Puyat Avenue, Makati City

### **Report on the Financial Statements**

#### *Opinion*

We have audited the financial statements of Employees' Compensation Commission (ECC), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of financial performance, statements of changes in net assets/equity, statements of cash flows, statement of comparison of budget and actual amounts for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the ECC as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with Philippine Public Sector Accounting Standards (PPSAS).

#### *Basis for Opinion*

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the ECC in accordance with the Code of Ethics for Government Auditors in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PPSAS, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management is responsible for assessing the ECC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless Management either intends to liquidate the ECC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the ECC's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ECC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ECC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the ECC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2018 required by the Bureau of Internal Revenue as disclosed in Note 28 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PPSAS. Such supplementary information is the responsibility of Management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements.

#### **COMMISSION ON AUDIT**

  
**ELIZABETH M. SAVELLA**  
Supervising Auditor

March 15, 2019



Republic of the Philippines  
DEPARTMENT OF LABOR AND EMPLOYMENT  
**EMPLOYEES' COMPENSATION COMMISSION**  
4<sup>th</sup> & 5<sup>th</sup> Floors, ECC Building, 355 Sen. Gil J. Puyat Avenue, City of Makati

Tel. No. 899-4251; 899-4252 • Fax No. 897-7597 • E-mail: [info@ecc.gov.ph](mailto:info@ecc.gov.ph) • Website: <http://www.ecc.gov.ph>



Management  
System  
ISO 9001:2015  
ANALYSIS 2018  
13.01.2018



## STATEMENT OF MANAGEMENT'S RESPONSIBILITY

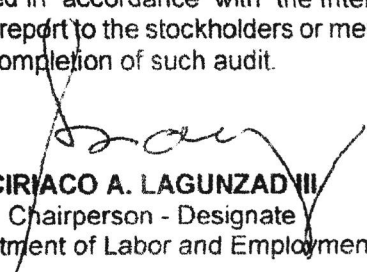
The management of the Employees' Compensation Commission (ECC) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2018 and December 31, 2017 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Employees' Compensation Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Employees' Compensation Commission or to cease operations, or has no realistic alternative to do so.

The Board of Commissioners is responsible for overseeing the Employees' Compensation Commission's financial reporting process.

The Board of Commissioners reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders or members.

The Commission on Audit, through its authorized representative, has examined the financial statements of the ECC pursuant to Section 2, Article IX - D of the Philippine Constitution and Section 28 of the Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions and the auditor, in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
**CIRIACO A. LAGUNZAD III**  
Chairperson - Designate  
Department of Labor and Employment

3/06/2019  
Date Signed

  
**STELLA ZIPAGAN-BANAWIS**  
Executive Director, ECC

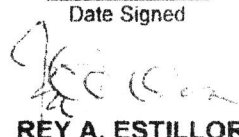
3/06/2019  
Date Signed

  
**MARIA TERESA M. URBANO**  
Chief, Finance Division

3/06/2019  
Date Signed

  
**NOEL C. BINAG, CE**  
Executive Director, OSHC

3/06/2019  
Date Signed

  
**REY A. ESTILLORE**  
Chief, Finance and Admin

3/06/2019  
Date Signed

**EMPLOYEES' COMPENSATION COMMISSION**  
**CONDENSED STATEMENTS OF FINANCIAL POSITION**  
As at December 31, 2018 and 2017  
(In Philippine Peso)

	Note	2018	2017 (As restated)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	181,688,071	45,457,942
Other investments	5	510,353,826	671,615,771
Receivables - net	6	67,041,738	67,925,388
Inventories	7	4,867,767	2,766,494
Other current assets	8	2,739,130	2,614,482
		<b>766,690,532</b>	<b>790,380,077</b>
<b>Non-Current Assets</b>			
Investment property	10	167,483	167,483
Property and equipment - net	11	119,828,887	121,545,810
Other non-current assets	9	3,214,291	2,994,825
		<b>123,210,661</b>	<b>124,708,118</b>
<b>TOTAL ASSETS</b>		<b>889,901,193</b>	<b>915,088,195</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial liabilities	12	46,579,354	62,844,614
Inter-agency payables	13	1,785,436	1,140,236
Trust liabilities	14	911,054	679,755
Deferred credits	15	1,884,454	2,520,490
Other payables	16	7,821,553	6,899,737
		<b>58,981,851</b>	<b>74,084,832</b>
<b>Non-Current Liabilities</b>			
Provisions	17	43,993,704	42,037,682
		<b>43,993,704</b>	<b>42,037,682</b>
<b>TOTAL LIABILITIES</b>		<b>102,975,555</b>	<b>116,122,514</b>
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>		<b>786,925,638</b>	<b>798,965,681</b>
<b>NET ASSETS/EQUITY</b>			
<b>Equity</b>			
Government equity		249,042,285	249,042,285
Accumulated surplus		537,883,353	549,923,396
<b>TOTAL NET ASSETS/EQUITY</b>		<b>786,925,638</b>	<b>798,965,681</b>

The Notes on pages 10 to 42 form part of these financial statements.

**EMPLOYEES' COMPENSATION COMMISSION**  
**CONDENSED STATEMENTS OF FINANCIAL PERFORMANCE**

For the Years Ended December 31, 2018 and 2017

(In Philippine Peso)

	Note	2018	2017
<b>REVENUE</b>			
Business income	18	<b>45,262,449</b>	42,625,734
		<b>45,262,449</b>	42,625,734
<b>CURRENT OPERATING EXPENSES</b>			
Personal services	19	<b>147,507,092</b>	136,965,317
Maintenance and other operating expenses	20	<b>150,160,876</b>	142,655,460
Financial expenses	21	<b>800</b>	10,224
Non-cash expenses	22	<b>24,348,503</b>	16,579,355
		<b>322,017,271</b>	296,210,356
<b>DEFICIT FROM CURRENT OPERATIONS</b>		<b>(276,754,822)</b>	(253,584,622)
Loading fund from other government entities	27	<b>264,714,779</b>	269,173,000
<b>NET (DEFICIT)/SURPLUS FOR THE PERIOD</b>		<b>(12,040,043)</b>	15,588,378

The Notes on pages 10 to 42 form part of these financial statements.

**EMPLOYEES' COMPENSATION COMMISSION**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY**  
For the Years Ended December 31, 2018 and 2017  
(In Philippine Peso)

	Note	Government Equity	Accumulated Surplus	Total
<b>BALANCE AT JANUARY 1, 2017</b>		-	780,946,213	780,946,213
<b>ADJUSTMENTS:</b>				
Prior period adjustments	23		2,431,090	2,431,090
Other adjustments	23	249,042,285	(249,042,285)	-
<b>RESTATED BALANCE AT JANUARY 1, 2017</b>		<b>249,042,285</b>	<b>534,335,018</b>	<b>783,377,303</b>
<b>Changes in Net Assets/Equity for CY 2017</b>				
Surplus for the period			15,588,378	15,588,378
<b>BALANCE AT DECEMBER 31, 2017</b>		<b>249,042,285</b>	<b>549,923,396</b>	<b>798,965,681</b>
<b>Changes in Net Assets/Equity for CY 2018</b>				
Deficit for the period			(12,040,043)	(12,040,043)
<b>BALANCE AT DECEMBER 31, 2018</b>		<b>249,042,285</b>	<b>537,883,353</b>	<b>786,925,638</b>

The Notes on pages 10 to 42 form part of these financial statements.

**EMPLOYEES' COMPENSATION COMMISSION**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2018 and 2017  
(In Philippine Peso)

	Note	2018	2017 (As restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Receipt of loading fund from the SSS and GSIS		263,258,246	221,228,800
Receipt of fund transfer from investment in time deposits		101,378,333	-
Collection of receivables		19,868,041	22,091,337
Collection of income		19,374,831	15,795,824
Return of cash advance		7,078,931	6,746,165
Interest earned on savings deposits		573,602	1,166,867
Cash receipt from bid bond		272,775	318,152
Collection from sale of bid forms		61,000	23,000
Cash receipts from overpayments/disallowances		51,135	613,418
Rebates from remittance NHMFC		313	313
Cash receipts - miscellaneous		56,561	59,983
<b>Total Cash Inflows</b>		<b>411,973,768</b>	<b>268,043,859</b>
<b>Cash Outflows</b>			
Payment of salaries and wages		112,227,882	98,214,680
Payment of operating expenses		123,714,963	98,765,928
Payment of payables		43,985,168	23,929,019
Remittance to GSIS/Pag-ibig/Philhealth and others		22,388,785	17,800,454
Remittance to BIR		17,160,450	18,595,777
Payment of prepaid expenses		311,827	687,724
Refund of bidders' bond/guaranty deposits		9,626	1,208,087
<b>Total Cash Outflows</b>		<b>319,798,701</b>	<b>259,201,669</b>
<b>Net cash provided by operating activities</b>		<b>92,175,067</b>	<b>8,842,190</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Transfer from investment in time deposit		153,777,441	434,922,588
Interest earned on time deposits		2,416,122	4,925,681
<b>Total Cash Inflows</b>		<b>156,193,563</b>	<b>439,848,269</b>
<b>Cash Outflows</b>			
Transfer to investment in time deposit		88,084,880	693,504,994
Building renovations		7,693,175	6,121,833
Purchase of motor vehicle		-	6,987,200
Purchase of office equipment		1,484,921	3,677,110
Purchase of other machineries and equipment		58,900	878,525
Purchase of furniture and fixtures		430,106	131,300
Purchase of medical equipment		1,250,427	240,000
Purchase of technical and scientific equipment		10,039,455	7,143,421
Purchase of IT and communication equipment		3,096,637	11,858,050
<b>Total Cash Outflows</b>		<b>112,138,501</b>	<b>730,542,433</b>
<b>Net cash provided by/(used in) in investing activities</b>		<b>44,055,062</b>	<b>(290,694,164)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>136,230,129</b>	<b>(281,851,974)</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>		<b>45,457,942</b>	<b>327,309,916</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>4</b>	<b>181,688,071</b>	<b>45,457,942</b>

The Notes on pages 10 to 42 form part of these financial statements.

**EMPLOYEES' COMPENSATION COMMISSION**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
For the Year Ended December 31, 2018  
(In Philippine Peso)

	Note	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
		Original	Final		
SOURCES OF FUNDS					
Corporate Funds	25				
State Insurance Fund		278,513,000	278,513,000	264,714,779	13,798,221
Income/Retained Earnings		335,625,000	335,625,000	267,775,221	67,849,779
		614,138,000	614,138,000	532,490,000	81,648,000
Personnel Services	25				
State Insurance Fund		137,394,820	129,288,820	131,165,725	(1,876,905)
Retained Earnings		15,781,435	15,781,180	16,341,367	(560,187)
		153,176,255	145,070,000	147,507,092	(2,437,092)
Maintenance and Other Operating Expenses	25				
State Insurance Fund		139,621,618	135,425,959	103,596,904	31,829,055
Retained Earnings		150,719,235	132,499,041	46,564,773	85,934,268
		290,340,853	267,925,000	150,161,677	117,763,323
Capital Outlays	25	130,650,000	119,495,000	24,053,621	95,441,379
		574,167,108	532,490,000	321,722,390	210,767,610
NET FUND SOURCES/USES		39,970,892	81,648,000	210,767,610	(129,119,610)

The Notes on pages 10 to 42 form part of these financial statements.