



## AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION

Audit Observations and Recommendations  
 For the Calendar Year 2020  
 As of **September 30, 2021**

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation (and Reason for Partial/Delay/ Non-Implementation, if applicable)	Action Taken/ Action to be Taken	
			Action Plan	Person/ Department responsible	Target Recommendation Date			
					F r o m			T o
2020 Obs. 1 P.44	Management was still unable to come up with one Restructuring Plan for approval of the Governance Commission for Government Owned or Controlled Corporations (GCG) to effect the Organizational Structure and Staffing Pattern appropriate for an integrated function and business of both ECC and OSHC which resulted in:	a. Fast track the preparation and submission to GCG of the required Restructuring Plan that considers the proper delineation of the accountabilities and responsibilities of the ECC Executive Director as well as the Center's officials and employees, the Center being a department of ECC, to avoid redundancy of positions and functions; and		Admin			Ongoing	<p>ECC's Governing Board approved the preparation of separate Restructuring Plan of both the ECC and OSHC.</p> <p>For the Center, they will ensure that appropriate internal control mechanism will be strengthened for check and balance purposes on all transactions. They will continue to review their Organizational Structure and Staffing Pattern to craft a harmonized Restructuring Plan.</p>

	<p>a. Redundancy of positions and functions of ECC and OSHC and</p> <p>b. Accountabilities and responsibilities of ECC and OSHC's officials and employees are not properly defined. Such delay in the finalization of the restructuring plan entails higher administrative cost.</p>	<p>b. In the meantime, that the restructuring plan is not yet available, the ECC Board has to revisit the current organizational set up of the ECC Center and to come up with appropriate guidelines to ensure proper check and balance of all its transactions. The same should be considered in the proposed restructuring plan.</p>					<p>The Board likewise approved the routing of a resolution authorizing the ECC to submit its Reorganization Plan to GCG. This came after the presentation of the Reorganization Plan before the Commission.</p> <p>The Board Resolution on Approving the Submission of the Reorganization Proposal of the Employees' Compensation Commission (ECC) to the Governance Commission for GOCCs (GCG) is now being routed for the signature of the Chairman and Commissioners of ECC</p> <p>Following comments from the ECC Chairman/DOLE Secretary, the proposal is now being reviewed/revised for re-submission to the Commission</p>
<p><b>2020 Obs. 2 P.47</b></p>	<p>The inability of the Employees' Compensation Commission (ECC) to revoke/terminate the authority granting the Employers' Confederation of the Philippines (ECOP), a private organization, free occupancy of ECC's office space, contrary to Section 4(2) of P.D. No. 1445, resulted in opportunity loss estimated at P5.398 million in rental income for CYs 2019 and 2020.</p>	<p>a. Revoke/terminate the authority granting ECOP a free occupancy of ECC's office space;</p> <p>b. Have ECOP enter a lease contract with ECC with rental rates based on the prevailing rate of the other leases of ECC building; and</p>		Admin		Ongoing	<p>The matter was discussed during the March 11 Board meeting considering that the Presidential authority granted to the ECOP was confirmed by the Board through a Board Resolution.</p> <p>The latest AOM was referred to ECOP for info, as instructed by the Board.</p> <p>As per latest information from ECOP, they are still further pursuing with OP a positive response to their earlier</p>

		c. If a lease agreement is not reached, offer the space to other tenants through public bidding.					request to continually locate their office at the ECC Building at no rental fee. This despite the earlier OP action of referring back the request of ECOP, thru DOLE, to ECC for appropriate coordination with COA.
<b>2020 Obs. 3 P.46</b>	The ECC did not conduct physical inventory or submit an Inventory Report on Property and Equipment (PE), contrary to Sections IV and V of COA Circular No. 80-124. Also, the PE accounts include unserviceable PEs with carrying amount of <b>P94,557</b> , contrary to Paragraph 82 of International Public Sector Accounting Standards (IPSAS) 17.	<p>a. Create an inventory committee thru the issuance of a written order indicating therein the time frame to complete the actual physical count and the deadline of submission of report thereon in accordance with COA Circular No. 80-124. Sanctions for the failure of the committee to come up with the required reports should also be expressly provided in the said order to prevent the recurrence of similar lapses in the future;</p> <p>b. Prepare and submit the RPCPPE including the reconciliation, and Inventory Report of Unserviceable Property for inspection and review of the appraisal of the items for disposal; and</p> <p>c. Immediately dispose the unserviceable properties in accordance with COA Circular No. 89-296 and require the Accounting Department to derecognize from the books of accounts the 52 carrying amounts of the unserviceable properties after their disposal.</p>		Admin, Finance		Ongoing	<p>Inventory of PE has been conducted.</p> <p>The finalization of the inventory report is ongoing.</p>

<p><b>2020 Obs. 8 P.63</b></p>	<p>Numerous checks were either canceled or voided due to the errors in writing checks and processing of vouchers resulting in waste/loss of government resources.</p>	<p>That Management require the Cashier's Office to institute necessary measures to minimize cases of frequent cancellation of checks in order to avoid wastage of government resources.</p>		<p>Finance</p>		<p>Ongoing</p>	<p>During the pandemic situation many of the checks issued to payees became stale after six (6) months, hence, the ECC canceled and replaced previously issued checks. To address the increasing number of errors committed in the preparation of the checks and to avoid costs of sending the erroneous checks to payees, continuing efforts have been exerted as follows:</p> <ol style="list-style-type: none"> <li>1. Management engages the service of the staff assigned at the offices of the Executive Director and Deputy Executive Director and the staff assigned in the releasing of the checks to review the entries in the check with the disbursement voucher.</li> <li>2. Since December 7, 2020, management engages the services of one clerical staff to assist the cashier in the preparation of the checks and to conduct verification of the details of the checks.</li> </ol>
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								<p>3. The Finance Division exerted and continues to exert its efforts to monitor, review and check the entries in the BUR submitted by the different divisions/units of ECC prior to the preparation of the disbursement voucher, hence, the occurrence of minimal errors.</p> <p>Aside from continuously exerting effort to lessen the errors during the check preparation, The finance division ensured that the subject checks were replaced within the month:</p> <ol style="list-style-type: none"> <li>1. The ECC still received requests for replacement of staled checks which require cancellation of previously issued checks to payees. Numbers of check replacements were due to incorrect name in the list submitted by companies claiming for cash assistance under the QRP. This was remedied by requesting submission of the photocopy of the current identification card of the claimants</li> </ol>
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								2. Requests for the replacement of staled check from PWRDs at the regions were coordinated with the WCPRD to ensure the immediate release of checks to payees.
<b>2020 Obs. 9 P.64</b>	ECC and its Center's implementation of the leave privileges for absences incurred by employees due to the required period of quarantine and/or treatment relative to the COVID-19 pursuant to the provisions of Department of Health (DOH) Department Memorandum No. 0220 dated May 11, 2020 and CSC Memorandum Circular (CSC-MC) No. 8, s. 2020, contributed to the prevention and control of COVID-19 in the workplace, thereby helping the government in its fight against the disease, while maintaining work efficiency to fulfil their mandates.	That Management continue its efforts in helping the government to prevent and control the spread of the COVID-19 by adopting the minimum health standards prescribed by the DOH and 67 ensuring the safety of their personnel by allowing them to avail of Quarantine Leave in accordance with the guidelines of the CSC.		Admin			Ongoing	Management appreciated the positive observations on ECC and its Center's efforts in the prevention and control of COVID-19 in the workplace, particularly in providing leave privileges to their employees for absences incurred in relation to the required period of quarantine and/or treatment of employees relative to COVID-19. Management assured that they will continue to observe and implement strict health and safety protocols in the workplace to safeguard their employees. In concurrence with the pronouncement of the CSC, this is a way of giving "a more considerate treatment on the absences incurred by officials and employees due to circumstances beyond their control" and as part of the ECC's responsibility to ensure the health and safety of employees during this global pandemic.

**STATUS AND IMPLEMENTATION OF 2019 AUDIT RECOMMENDATIONS**

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation (and Reason for Partial/Delay/ Non-Implementation, if applicable)	Action Taken/ Action to be Taken
			Action Plan	Person/ Department responsible	Target Recommendation Date		
					F r o m		
2019 Obs. 1 P.42	The existence and validity of the recorded Accounts Receivables as of December 31, 2019 cannot be ascertained due to the presence of dormant long outstanding receivables from various entries totaling 2.973 Million that are not supported with substantial records and documents which is not in conformity with Section 111 (1) of Presidential Decree (P.D.) No. 1445.	Require the Accountant to exhaust all measures to document the said dormant receivables to establish the existence and validity of the receivables and send demand letters to all concerned debtors to enforce collection		Finance		Partially implemented	The tracing of documents pertaining to the remaining dormant outstanding Accounts Receivable and the process of exerting all possible means to locate the debtors concerned are on-going. Certification on the existence of the listed companies/individual is being secured from the Department of Trade and Industry (DTI) as well as from the Securities and Exchange Commission (SEC).  Partial collections have been made from some individual/ company

<p><b>2019 Obs. 2 P.43</b></p>	<p>The ECC has not yet come up with a Restructuring Plan for approval of the Governance Commission for Government Owned or Controlled Corporations (GCG) to effect the Organizational Structure and Staffing Pattern appropriate for an integrated function and business of both ECC and OSHC which resulted in: (a) redundancy of positions and functions of ECC and OSHC and (B) accountabilities and responsibilities of ECC and OSHC's officials and employees were not properly defined. Such delay in the finalization of the restructuring plan entails higher administrative cost.</p>	<p>a. Fast track the preparation and submission to GCG of the required Restructuring Plan that considers the proper delineation of the accountabilities and responsibilities of the ECC Executive Director as well as the Center's officials and employees, the Center being a department of ECC, to avoid redundancy of positions and functions; and  b. In the meantime, that the restructuring plan is not yet available, the ECC Board has to revisit the current organizational set up of the ECC Center and to come up with appropriate guidelines to ensure proper check and balance of all its transactions. The same should be considered in the proposed restructuring plan.</p>		Admin		Ongoing	Please refer to <b>2020 Obs.1, P.44</b>
<p><b>2019 Obs. 3 P.46</b></p>	<p>Occupancy for free of half of the floor of ECC building by the Employers' Confederation of the Philippines (ECOP), a private organization, since 1996, resulted in lost opportunity for ECC to earn income from rent.</p>	<p>a. Strictly comply with Section 4 (2) of P.D. No.1445. Accordingly, terminate the agreement of the ECC with ECOP that granted the free occupancy of ECC's office space; and  b. Offer the space to tenants through public bidding.</p>		Admin		Ongoing	Please refer to <b>2020 Obs.2, P.47</b>



<p><b>2019 Obs. 5 P.55</b></p>	<p>The EC did not avail of the free internet service of the Department of information and Communication Technology (DICT) which could have reduced the ECC's Communication expenses by P302,858.00 for CY 2019.</p>	<p>a. Immediately request and closely coordinate with DICT for their availment of free internet service pursuant to RA No. 10844; and</p> <p>b. Terminate the contract with Source Telecom Inc. upon the availability of the free internet from DICT.</p>		PPSMD		Partially implemented	<p>A letter request dated January 8, 2020 was sent to the DICT for the approval of the installation of Fibre Optic Cable and free internet to the ECC.</p> <p>Phone follow-ups were made on July 2, 23, 28 and August 18, 2020. As per Personnel in-charge of DICT-National Broadband Project (NBP); the request had already been forwarded to DICT Infostructure Management Bureau.</p> <p>On August 27, 2020, as per the DICT IMB; the new connections are on hold as there are 75 Reference Audit Status/Actions Observations Recommendations Taken no enough materials available for new connections and the materials they have are reserved for maintenance.</p> <p>In the next follow-up as per Mr. Joviron Resurreccion; the DICT-IMB prepared MOA, is with their legal office for review.</p> <p>The DICT has been in the process of procuring equipment to be used in GovNet connection as per advice dated May 19. 2021 from Mr. Joviron Resurreccion. Follow up was made last September 24, 2021 and as per Mr. Joviron Resurreccion the MOA is being finalized.</p>
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								Legal Affairs, Policy, Planning & Finance on the same date  At the latest; the DICT has approved the ISSP which was received by the ECC on June 1, 2021. The ECC Board approved the implementation of the Year 1 ISSP and the endorsement of the ISSP Year 1 Budget to DBM for approval, as per B.R. No. 21-06-20
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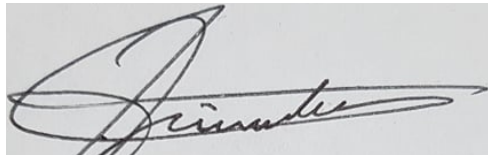
**STATUS AND IMPLEMENTATION OF 2018 AUDIT RECOMMENDATIONS**

<b>2018 Obs. 4 P.52</b>	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 recommend that the Board of Commissioners require the ECC officials to prioritize the preparation and submission of the proposed Restructuring Plan of ECC, to integrate OSHC's functions, projects, programs and activities and to come up with only one set of Financial Reports.		Admin		Ongoing	Please refer to <b>2020 Obs.1, P.44</b>
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**STATUS AND IMPLEMENTATION OF 2015 AUDIT RECOMMENDATIONS**

<p><b>2015 Obs. 2 P.26</b></p>	<p>Two parcels of land valued at P167,483.00 acquired through foreclosure were not consolidated in the name of the ECC notwithstanding the lapse of six years after the expiration of the one-year redemption period.</p>	<p>Expedite the consolidation of titles of the foreclosed two parcels of land in the name of the ECC.</p>		<p>Appeals</p>		<p>Partially Implemented</p>	<p>As of audit date, the ECC still needs to secure DAR Transfer Clearance for the transfer of Title. Management is currently taking action to comply with the substantive and procedural requisites based on pertinent Administrative Orders of the DAR for the issuance of Transfer Clearance.</p>
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**Reported by:**



**ATTY. JEFFREY D.J. QUIAMBAO**  
Atty. IV / Designated Head of IAU

**Approved by:**



**STELLA ZIPAGAN-BANAWIS**  
Executive Director 

*Note: Status of Implementation may either be (a) **Fully Implemented (FI)**, (b) **Ongoing (O)**, (c) **Not Implemented (NI)**, (d) **Partially Implemented (PI)**, or (e) **Delayed (D)***