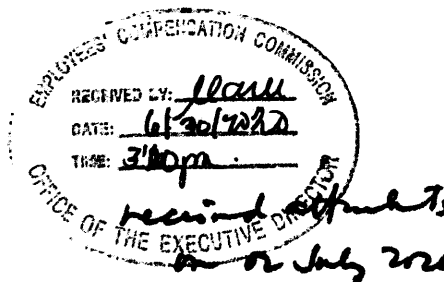




**Republic of the Philippines**  
**COMMISSION ON AUDIT**  
**Corporate Government Sector**  
Cluster 2 – Social Security Services and Housing

June 30, 2020

**Ms. Stella Zipagan-Banawis**  
Executive Director  
Employees' Compensation Commission  
4th floor, ECC Building, Sen. Gil J. Puyat Avenue,  
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, 2019 and 2018.

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, 2019 and 2018.

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

1. 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 entities totaling P2.973 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.

We recommended that Management 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.

2. 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.

We recommended that Management:

- 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.

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 February 28, 2020, are discussed in Part II of the report.

We respectfully request that the recommendations contained in Parts II and III of the report be implemented and that this Commission be informed of the actions taken thereon by accomplishing the Agency Action Plan and Status of Implementation Form (Annex A) and returning the same to us within 60 days from the date of receipt hereof.

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:

*Ma. Lisa P. Inguillo*

**MA. LISA P. INGUILLO**

Director IV

Cluster Director

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

## **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 2019 Corporate Operating Budget (COB) amounting to P609.834 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	161,056,000	161,379,149	(323,149)
Maintenance and other operating expense/Financial expenses	341,997,000	213,479,831	128,517,169
Capital outlay	106,781,000	19,688,058	87,092,942
	<b>609,834,000</b>	<b>394,547,038</b>	<b>215,286,962</b>

## FINANCIAL HIGHLIGHTS (In Philippine Peso)

### I. Comparative Financial Position

	2019	2018	Increase (Decrease)
Assets	948,823,781	915,552,233	33,271,548
Liabilities	141,997,435	101,462,462	40,534,973
<b>Equity</b>	<b>806,826,346</b>	<b>814,089,771</b>	<b>(7,263,425)</b>

### II. Comparative Results of Operations

	2019	2018	Increase (Decrease)
Income/Finance income	390,063,941	309,857,721	80,206,220
Expenses/Finance costs	397,327,366	319,630,460	77,696,906
<b>Net (Deficit)/Surplus</b>	<b>(7,263,425)</b>	<b>(9,772,739)</b>	<b>2,509,314</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)	5	5	0
2. Rehabilitation Services to PWRDs	721	892	171
3. ECP Advocacy Seminar	693	752	59
4. Development and Production of IEC Materials	5	10	5
5. ECP Dissemination through Quad- Media	48	48	0
6. Disposition of EC Appealed Cases	75	75	0
<b>II. OSHC</b>			
1. Capacity building thru training and information activities:			
a. Conduct of occupational safety and health (OSH) trainings	145 batches	284 batches	(139) batches
b. Develop information materials for dissemination to partners	8	8	0
2. Technical assistance and services: work environment measurement and personnel protective equipment	Demand driven	86,027 workers; 6,489 tests; 3,358 specimen; 546 requests	
3. Research completed	3	3	0
4. Organize summits/conferences	6	7	(1)
5. Conduct of 11th Gawad Kaligtasan at Kalusugan (GKK)	1	1	0

## **SCOPE OF AUDIT**

Our audits covered the significant accounts and operations of the ECC for the calendar years 2019 and 2018. 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 International Public Sector Accounting Standards (IPSASs) 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, 2019 and 2018.

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

### **A. Financial Audit**

1. 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 entities totaling P2.973 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.


We recommended that Management 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.

### **B. Others**

2. 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.

We recommended that Management:

- 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.
  - 3. 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.

We recommended that Management:

- a. Strictly comply with Section 4 (2) of P.D. No. 1445. Accordingly, terminate the agreement of ECC with ECOP that granted the free occupancy of ECC's office space; and
- b. Offer the space to tenants through public bidding.

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, 2019**

As at December 31, 2019, audit disallowances and charges amounted to P3.588 million and P434,400, respectively. All audit suspensions were settled during the year.

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

Out of the 30 audit recommendations embodied in the prior years' Annual Audit Report, 21 were fully implemented, seven were partially implemented and two were not 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 Audit of 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, 2019 and 2018, 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 accompanying financial statements present fairly, in all material respects, the financial position of ECC as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Public Sector Accounting Standards (IPSASs).

#### *Basis for Opinion*

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of ECC in accordance with the Code of Conduct and Ethical Standards for COA Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, 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 IPSASs, 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 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 ECC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing 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 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 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 communicate 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 in Note 28 to the financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **COMMISSION ON AUDIT**

  
**ELIZABETH M. SAVELLA**  
Supervising Auditor

June 30, 2020



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



Management  
System  
ISO 9001:2015



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

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY

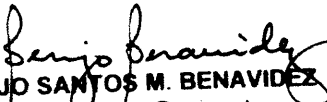
The management of the Employees' Compensation Commission (ECC) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2019 and December 31, 2018 in accordance with the prescribed financial reporting 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.

  
**BENJO SANTOS M. BENAVIDEZ**  
Chairperson - Designate  
Department of Labor and Employment

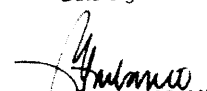
6/26/2020  
Date Signed

  
**STELLA ZIPAGAN BANAWIS**  
Executive Director, ECC


6/26/2020  
Date Signed

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

6/26/2020  
Date Signed

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

6/26/2020  
Date Signed

  
**FOREY A. ESTILLORE**  
Chief, Finance and Administrative Division

6/26/2020  
Date Signed

**EMPLOYEES' COMPENSATION COMMISSION**  
**STATEMENTS OF FINANCIAL POSITION**

December 31, 2019 and 2018

(In Philippine Peso)

	Note	2019	2018 (As restated)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	220,753,454	181,688,071
Investments	5	491,990,530	531,423,290
Receivables - net	6	101,746,846	64,568,336
Inventories	7	3,924,915	4,184,677
Other current assets	8	1,141,497	2,349,236
		<b>819,557,242</b>	<b>784,213,610</b>
<b>Non-Current Assets</b>			
Investment property	10	167,483	167,483
Property and equipment - net	11	125,980,527	128,065,195
Other non-current assets	9	3,118,529	3,105,945
		<b>129,266,539</b>	<b>131,338,623</b>
<b>TOTAL ASSETS</b>		<b>948,823,781</b>	<b>915,552,233</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial liabilities	12	77,999,553	44,958,399
Inter-agency payables	13	4,061,158	1,915,706
Trust liabilities	14	3,111,148	911,054
Deferred credits	15	2,103,049	1,864,454
Provisions	17	9,808,724	5,017,706
Other payables	16	6,255,543	7,819,145
		<b>103,339,175</b>	<b>62,486,464</b>
<b>Non-Current Liabilities</b>			
Provisions	17	38,658,260	38,975,998
		<b>38,658,260</b>	<b>38,975,998</b>
<b>TOTAL LIABILITIES</b>		<b>141,997,435</b>	<b>101,462,462</b>
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>		<b>806,826,346</b>	<b>814,089,771</b>
<b>NET ASSETS/EQUITY</b>			
<b>Equity</b>			
Government equity		249,042,285	249,042,285
Accumulated surplus		557,784,061	565,047,486
<b>TOTAL NET ASSETS/EQUITY</b>		<b>806,826,346</b>	<b>814,089,771</b>

The notes on pages 10 to 41 form part of these financial statements.

**EMPLOYEES' COMPENSATION COMMISSION**  
**STATEMENTS OF FINANCIAL PERFORMANCE**  
For the Years Ended December 31, 2019 and 2018  
(In Philippine Peso)

	Note	2019	2018 (As restated)
<b>REVENUE</b>			
Business income	18	42,337,521	45,142,942
		<u>42,337,521</u>	<u>45,142,942</u>
<b>CURRENT OPERATING EXPENSES</b>			
Personnel services	19	161,379,149	145,284,896
Maintenance and other operating expenses	20	213,396,313	149,996,261
Financial expenses	21	83,518	800
Non-cash expenses	22	22,468,386	24,348,503
		<u>397,327,366</u>	<u>319,630,460</u>
<b>SURPLUS/(DEFICIT) FROM OPERATIONS</b>		<b>(354,989,845)</b>	<b>(274,487,518)</b>
Loading fund from other government entities	27	347,726,420	264,714,779
<b>NET SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(7,263,425)</b>	<b>(9,772,739)</b>

The notes on pages 10 to 41 form part of these financial statements.

**EMPLOYEES' COMPENSATION COMMISSION**  
**STATEMENTS OF CHANGES IN NET ASSETS/EQUITY**  
For the Years Ended December 31, 2019 and 2018  
(In Philippine Peso)

	Note	Government Equity	Accumulated Surplus/(Deficit)	Total
<b>BALANCE AT JANUARY 1, 2018</b>		<b>249,042,285</b>	<b>549,923,396</b>	<b>798,965,681</b>
Prior period adjustments	23	0	24,896,829	24,896,829
<b>RESTATED BALANCE AT JANUARY 1, 2018</b>		<b>249,042,285</b>	<b>574,820,225</b>	<b>823,862,510</b>
<b>Changes in Net Assets/Equity for CY 2018</b>				
Surplus/(Deficit) for the period		0	(9,772,739)	(9,772,739)
<b>BALANCE AT DECEMBER 31, 2018</b>		<b>249,042,285</b>	<b>565,047,486</b>	<b>814,089,771</b>
<b>Changes in Net Assets/Equity for CY 2019</b>				
Surplus/(Deficit) for the period		0	(7,263,425)	(7,263,425)
<b>BALANCE AT DECEMBER 31, 2019</b>		<b>249,042,285</b>	<b>557,784,061</b>	<b>806,826,346</b>

The notes on pages 10 to 41 form part of these financial statements.

**EMPLOYEES' COMPENSATION COMMISSION**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2019 and 2018  
(In Philippine Peso)

	Note	2019	2018 (As restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows</b>		306,071,420	263,258,246
Receipt of loading fund from the SSS and GSIS		22,717,680	19,868,041
Collection of receivables		20,544,830	19,374,831
Collection of income		2,637,616	7,078,931
Return of cash advance		2,277,793	272,775
Cash receipt from bid bond		942,140	573,602
Interest earned on savings deposits		193,730	51,135
Cash receipts from overpayments/disallowances		192,000	61,000
Collection from sale of bid forms		0	313
Rebates from remittance NHMFC		21,183,154	56,561
Receipt of refunds in excess of previous payments		376,760,363	310,595,435
<b>Total Cash Inflows</b>			
<b>Cash Outflows</b>		144,179,884	123,714,963
Payment of operating expenses		113,299,269	112,227,882
Payment of salaries and wages		37,600,377	43,985,168
Payment of payables		22,648,292	22,388,785
Remittance to GSIS/Pag-ibig/Philhealth and others		18,290,113	17,160,450
Remittance to BIR		652,832	311,827
Payment of prepaid expenses		34,978	9,625
Refund of bidders' bond/guaranty deposits		336,705,745	319,798,700
<b>Total Cash Outflows</b>			
<b>Net cash provided by operating activities</b>		40,054,618	(9,203,265)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash Inflows</b>		107,710,097	255,155,774
Proceeds from investment in time deposit		1,717,989	2,416,122
Interest earned on time deposits		262,824	0
Collections of loans - LO-1318		109,690,910	257,571,896
<b>Total Cash Inflows</b>			
<b>Cash Outflows</b>		84,299,087	88,084,880
Investment in time deposit		8,053,000	1,250,427
Purchase of medical equipment		5,386,456	7,693,175
Building renovations		4,121,249	10,039,455
Purchase of technical and scientific equipment		3,999,999	0
Purchase of motor vehicle		2,209,143	1,484,921
Purchase of office equipment		2,154,500	3,096,637
Purchase of IT and communication equipment		0	58,900
Purchase of other machineries and equipment		456,711	430,107
Purchase of furniture and fixtures		110,680,145	112,138,502
<b>Total Cash Outflows</b>			
<b>Net cash provided by (used in) investing activities</b>		(989,235)	145,433,394
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		39,065,383	136,230,129
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>		181,688,071	45,457,942
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	4	220,753,454	181,688,071

The notes on pages 10 to 41 form part of these financial statements.

**EMPLOYEES' COMPENSATION COMMISSION**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
For the Year Ended December 31, 2019  
(In Philippine Peso)

(In Philippine Peso)

	Note	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference Between Budget and Actual Amounts
		Original	Final		
<b>SOURCES OF FUNDS</b>					
Corporate Funds	25	395,424,000	395,424,000	347,726,420	47,697,580
State Insurance Fund / Loading Fund		290,036,000	290,036,000	262,107,580	27,928,420
Accumulated Surplus					
		<b>685,460,000</b>	<b>685,460,000</b>	<b>609,834,000</b>	<b>75,626,000</b>
<b>USES OF FUNDS</b>					
Personnel Services	25	166,624,000	161,056,000	161,379,149	(323,149)
State Insurance Fund / Loading Fund					
		166,624,000	161,056,000	161,379,149	(323,149)
Maintenance and Other Operating Expenses	25	228,714,482	186,586,902	115,625,997	70,960,905
State Insurance Fund		154,957,000	155,326,580	97,770,316	57,556,264
Accumulated Surplus					
		<b>383,671,482</b>	<b>341,913,482</b>	<b>213,396,313</b>	<b>128,517,169</b>
Capital Outlays	25	106,781,000	106,781,000	19,688,058	87,092,942
Financial Expenses		83,518	83,518	83,518	-
		106,864,518	106,864,518	19,771,576	87,092,942
		<b>657,160,000</b>	<b>609,834,000</b>	<b>394,547,038</b>	<b>215,286,962</b>
<b>NET FUND SOURCES/(USES)</b>		<b>28,300,000</b>	<b>75,626,000</b>	<b>215,286,962</b>	<b>(139,660,962)</b>

The notes on pages 10 to 41 form part of these financial statements.