

EN BANC

[G.R. No. 196418, February 10, 2015]

TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA), PETITIONER, VS. THE COMMISSION ON AUDIT; CHAIRMAN REYNALDO A. VILLAR; COMMISSIONER JUANITO G. ESPINO, JR.; AND COMMISSIONER EVELYN R. SAN BUENAVENTURA, RESPONDENTS.

DECISION

BERSAMIN, J.:

Being assailed is the March 23, 2010 decision issued in COA Decision No. 2010-039, ^[1] whereby the Commission on Audit (COA) affirmed the findings of the COA Legal and Adjudication Office (LAO) as regards the issuance of Audit Observation Memorandum (AOM) No. 04-005 (101) dated January 26, 2004^[2] disallowing the payment by petitioner Technical Education and Skills Development Authority (TESDA) of the healthcare maintenance allowance of P5,000.00 to covered TESDA employees for the year 2003.

Antecedents

The TESDA, an instrumentality of the Government established under Republic Act No. 7796, is an attached agency of the Department of Labor and Employment (DOLE). In view of the inadequate policy on basic health and safety conditions of work experienced by government personnel, then DOLE Secretary Patricia Sto. Tomas issued Administrative Order (AO) No. 430, series of 2003, authorizing the payment of healthcare maintenance allowance of P5,000.00 to all officials and employees of the DOLE, including its bureaus and attached agencies.^[3] AO No. 430 was purportedly based on Civil Service Commission (CSC) Memorandum Circular (MC) No. 33, series of 1997,^[4] and Section 34 of the General Provisions of the 2003 General Appropriations Act.^[5]

Upon post-audit, COA State Auditor IV Rosemarie A. Valenzuela issued AOM No. 04-005 on January 26, 2004, and later endorsed the matter to the COA Director of the LAO-National for appropriate legal action. AOM No. 04-005 stated in part:

2. The basis of payment made by management was CSC Memorandum Circular No. 33 series of 1997 and Section 34 of the General Provisions of the 2003 General Appropriations Act (GAA). Following these provisions, the Department of Labor and Employment issued DOLE Administrative Order No 430, series of 2003 authorizing payment of said medical allowance to all its personnel including those of its bureau and attached agencies at P5,000.00 each and pro rata equivalent for those employees who have less than four (4) months continuous service.

3. CSC Director Imelda Laceras of Region VII, in her letter to DOLE Region VII Auditor, Ms. Damiana Pelino, informed the latter that there are no existing guidelines authorizing the grant of Health Care Maintenance Allowance and medical Allowance to all government officials and employees. In the absence therefore of specific legal authority, payment of said benefit cannot be allowed under existing rules. Hence, DOLE Administrative Order No. 430, series of 2003 is clearly without legal basis.^[6]

Atty. Rebecca Mislang, Officer In-Charge of the COA LAO-National, subsequently issued Notice of Disallowance (ND) No. 2006-015 dated May 26, 2006,^[7] addressed to then TESDA Director General Augusto Syjuco, indicating that the payment of the allowance had no legal basis, it being contrary to Republic Act No. 6758 (*Salary Standardization Law of 1989*). ND No. 2006-015 identified the following persons as liable for the disallowance, namely:

1. Dante V. Liban, Director General, for allowing the payment of said allowance;
2. Sonia Lipio, Chief, HRMO, for having direct supervision over the transaction;
3. Raul K. Tanchico, OIC, Asst. Director OCSA, for approving the transaction;
4. Cariza A. Dacuma, Chief Accountant, for certifying to the completeness and propriety of the transaction; and
5. All TESDA officials and employees per attached payroll as recipients.^[8]

The TESDA filed an appeal before the COA Commission Proper,^[9] assailing the disallowance by the LAO-National.

However, the COA Commission Proper promulgated the now assailed decision dated March 23, 2010,^[10] denying the appeal for lack of merit.

Hence, this petition.

Issues

The TESDA insists that:

RESPONDENTS ACTED WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN ISSUING THE ASSAILED DECISION DISALLOWING THE PETITIONER'S PAYMENT OF HEALTH CARE MAINTENANCE ALLOWANCE TO ITS MAIN OFFICE EMPLOYEES.

RESPONDENTS GRAVELY ERRED IN HOLDING THE AUTHORIZING OFFICERS OF PETITIONER PERSONALLY LIABLE FOR THE TOTAL DISALLOWED PAYMENT IN THE AMOUNT OF TWO MILLION TWO HUNDRED SEVEN THOUSAND PESOS (P2,207,000.00).^[11]

The TESDA maintains that there was sufficient legal basis for the release of the healthcare maintenance allowance of P5,000.00 to its employees; that such payment was only in compliance with the DOLE directive issued pursuant to MC No. 33 to afford all government employees a health program that would include hospitalization services and/or annual mental, medical-physical examinations; and that such payment was also based on the authority granted by the 2003 GAA on the giving of personnel benefits to be charged against the corresponding fund from which basic salaries were drawn.

In contrast, the COA explains that MC No. 33 referred to the institutionalization of a health care program in the Government, and did not suggest the payment of direct allowances to the employees of the Government; that the TESDA should not have relied on the provisions of the GAA because the same were not self-executory; and that, as such, the healthcare maintenance allowance lacked statutory basis and must be disallowed.

Otherwise put, did the COA commit grave abuse of discretion in issuing ND No. 2006-015 pursuant to AOM No. 04-005?

Ruling of the Court

The petition has no merit.

To better appreciate the dispute between the parties, a review of the legal antecedents is in order.

On December 18, 1997, the CSC issued Resolution No. 97-4684 to provide an adequate policy on basic health and safety conditions of work in the Government. The resolution relevantly provides:

NOW THEREFORE, the Commission resolved, as it hereby resolves to mandate the following policies as a way of reinventing the workplace of public sector employees:

1. All government offices shall provide the following:

a. Health Program for Government Employees Health program for employees shall include any or all of the following:

1. Hospitalization services
2. Annual mental, medical-physical examinations

Subsequently, the CSC issued MC No. 33, which was a reiteration of Resolution No. 97-4684, concerning the policy on the working conditions at the workplace. In its pertinent part, MC No. 33 provides thus:^[12]

The Civil Service Commission, in partnership and in consultation with the Council of Personnel Officers and Human Resource Management Officers, recognizes the need to institutionalize viable programs to improve working conditions in the government.

Pursuant to Resolution No. 97-4684 dated December 18, 1997, the CSC promulgates and adopts the following policies:

1. All government offices shall provide the following:

a. Health Program for Government Employees Health program for employees shall include any or all of the following:

1. Hospitalization services
2. Annual mental, medical-physical examinations

On the basis of the issuances by the CSC, the DOLE issued AO No 430 to authorize the release of the challenged healthcare maintenance allowance of P5,000.00 to all eligible DOLE employees, including the TESDA's workforce, to wit:

In the interest of the service and in recognition of the DOLE officials' and employees' efforts to further improve delivery of services to clients and of the need to enhance the quality of their worklife, a Healthcare Maintenance Allowance of Five Thousand Pesos (P5,000.00) is hereby authorized to all DOLE employees entitled to such benefit pursuant to CSC Memorandum Circular No. 33, S. 1997 and Section 34 of the General Provisions of the 2003 General Appropriations Act (GAA), subject to the following guidelines:^[13]

In the context of the foregoing, we uphold the disallowance by the COA of the payment of the P5,000.00 as healthcare maintenance allowance. The COA did not act without or in excess of jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction because it properly exercised its powers and discretion in disallowing the payment of the P5,000.00 as healthcare maintenance allowance.

The COA is endowed with latitude to determine, prevent, and disallow irregular, unnecessary, excessive, extravagant, or unconscionable expenditures of government funds. It has the power to ascertain whether public funds were utilized for the purpose for which they had been intended by law. The Constitution has made the COA "the guardian of public funds, vesting it with broad powers over all accounts pertaining to government revenue and expenditures and the uses of public funds and property, including the exclusive authority to define the scope of its audit and examination, establish the techniques and methods for such review, and promulgate accounting and auditing rules and regulations."^[14] Thus, the COA is generally accorded complete discretion in the exercise of its constitutional duty and responsibility to examine and audit expenditures of public funds, particularly those which are perceptibly beyond what is sanctioned by law.

Verily, the Court has sustained the decisions of administrative authorities like the COA as a matter of general policy, not only on the basis of the doctrine of separation of powers but also upon the recognition that such administrative authorities held the expertise as to the laws they are entrusted to enforce.^[15] The Court has accorded not only respect but also finality to their findings especially when their decisions are