Title:

Former Municipal Mayor Clarito A. Poblete et al. v. Commission on Audit (COA)

Facts:

Clarito A. Poblete, former Mayor of Silang, Cavite, Ma. Dolores Jeaneth Bawalan, the Municipal Budget Officer, and Nephtali V. Salazar, the Municipal Accountant, contested the Commission on Audit (COA)'s imposition of Notices of Disallowance (NDs). These NDs pertained to expenses amounting to P2,891,558.31 for various local projects from the years 2004, 2006, and 2007, charged to the 2010 budget, contravening Section 350 of the Local Government Code (LGC) that mandates expenditures and obligations be charged to the fiscal year they were incurred.

The petitioners filed an appeal with the COA Regional Office, which was denied. Subsequently, they filed a Petition for Review with the COA, which was dismissed for being filed beyond the six-month reglementary period as the filing fees were belatedly paid. Petitioners' Motion for Reconsideration was also denied, prompting them to appeal to the Philippine Supreme Court, arguing that the COA abused its discretion by rigidly enforcing procedural rules and ignoring the substantive merits of their case.

Issues:

1. Whether the COA committed grave abuse of discretion by dismissing the petitioners' case due to the late filing of the required Petition for Review.
2. Whether the COA's reliance on procedural lapse was an erroneous application of its Revised Rules of Procedure.
3. Whether the petitioners were correct in invoking the principle of quantum meruit and the Arias Doctrine in absolving their liability for the improper budget appropriation.

Court's Decision:

1. The Supreme Court held that the COA did not commit grave abuse of discretion. The requirement to pay filing fees within the prescribed reglementary period is essential, and non-compliance led to the proper dismissal of their appeal.
2. The payment of the required filing fees, as prescribed in the COA's own rules, is fundamental to the validity of an appeal. The failure to comply with this fee payment in a timely manner was a proper ground for dismissal.
3. The principle of quantum meruit does not apply in this case given the lack of prior valid appropriation for the projects claimed. Furthermore, the invocation of the Arias Doctrine was found inapplicable due to the apparent discrepancies upon facial review of the financial

documents.

Doctrine:

Filing an appeal with the COA Proper must be accompanied by proof of payment of filing fees within the prescriptive period. The non-payment of filing fees within the reglementary period leads to the appeal being considered unfiled and the decision being final and executory.

Class Notes:

– Imperative adherence to prescriptive periods for appeals and payment of filing fees.

– Obligations and expenditures must be taken in the accounts of the fiscal year they are incurred as per Section 350 of the LGC.

– Valid contracts must have proper appropriation and certification as dictated by Sections 46 and 47 of the Administrative Code of 1987.

– Contracts entered into contrary to the Administrative Code provisions are void; responsible officers are liable for consequential damages (Section 48, Administrative Code 1987).

– Quantum meruit requires equitable remuneration for work or materials supplied when there was no contract or an invalid contract.

– The Arias Doctrine provides some protection to heads of offices who rely on their subordinates, but it's inapplicable if documents are facially irregular.

Historical Background:

The case reflects ongoing efforts for fiscal responsibility within Philippine local government units, ensuring that local executives uphold statutory provisions governing public finance. It also demonstrates the COA's critical role in auditing government accounts and enforcing fiscal discipline. The application of quantum meruit principles in public contracts signifies a balancing act between legal compliance and equitable compensation, with the courts setting limits on its applicability in the interest of maintaining the integrity of public procurement processes.