

Title: Dennis A.B. Funa v. Manila Economic and Cultural Office and Commission on Audit

Facts:

Dennis A.B. Funa, in his capacity as a taxpayer, concerned citizen, lawyer, and author, petitioned for a mandamus to compel the Commission on Audit (COA) to audit the Manila Economic and Cultural Office (MECO), and for MECO to submit to such audit. Funa's petition stemmed from his request for a copy of MECO's latest financial and audit report, as he believed MECO, under operational supervision by the Department of Trade and Industry (DTI), to be a government-owned or controlled corporation (GOCC) subject to COA audit. The petition arose after the COA's apparent admission that MECO had not been audited, and the COA's Office Order 2011-698, where the COA Chairperson directed a team to audit MECO's accounts, among other government units in Taiwan.

Issues:

1. Whether the petition has become moot due to the COA initiating the audit as per its Office Order 2011-698.
2. Whether Funa has the standing to file the mandamus petition.
3. Whether the direct filing with the Supreme Court violates the principle of hierarchy of courts.
4. Whether the MECO, a non-stock, non-profit corporation, falls under the audit jurisdiction of COA.
5. Whether the functions of MECO attribute it to being a GOCC or a government instrumentality.
6. Whether certain MECO accounts must be subjected to COA audit.

Court's Decision:

1. The petition was not considered moot because it raised constitutional issues with a grave violation and involved paramount public interest.
2. Funa had the standing to file the mandamus petition as a concerned citizen on issues of transcendental importance.
3. The Supreme Court waived the principle of hierarchy of courts due to the importance of the issues.
4. & 5. MECO was not considered a GOCC or a government instrumentality by the SC. While MECO was incorporated under the Corporation Code and endowed by the executive to perform functions with a public aspect, it was ultimately a private entity.
6. However, accounts of MECO concerning "verification fees" collected on behalf of the Department of Labor and Employment (DOLE) and "consular fees" authorized by Executive

Order No. 15 were under COA's audit jurisdiction.

Doctrine:

MECO was declared a non-government entity, but the accounts of MECO pertaining to verification fees and consular fees were subject to the audit jurisdiction of COA.

Class Notes:

- The COA has the power to audit governmental and non-governmental entities per the 1987 Philippine Constitution, Article IX-D.
- For an entity to qualify as a GOCC, it must be organized as a corporation, vested with functions of public interest, and owned by the Philippine government.
- The MECO, operating under the Corporation Code, is exempt from governmental control when discharging its authorized functions.
- MECO performs public functions similar to those of diplomatic and consular missions but does not equate to a GOCC or government instrumentality, and therefore its operations are typically classified as unofficial and informal engagements.

Historical Background:

The case of *Funa vs. MECO* and COA highlights the Philippines' adherence to the One China policy amidst its unofficial relations with Taiwan. The MECO was incorporated in 1997 to maintain non-official ties with the people of Taiwan, following the Philippines' diplomatic recognition of the People's Republic of China over Republic of China (Taiwan) in 1975. MECO's unique role required scrutiny over its accountability, particularly in handling fees related to its delegated authority for consular functions, leading to the legal question of whether COA has auditing jurisdiction over MECO's accounts.