

Title:

Commission on Audit vs. Hon. Erwin Virgilio R. Ferrer and Luis Raymund F. Villafuerte, Jr.: A Dispute on Auditing and Administrative Jurisdiction

Facts:

This case involves the Commission on Audit (COA) challenging the orders of the Regional Trial Court (RTC) of Pili, Camarines Sur, which denied the dismissal of petitions filed by Luis Raymund F. Villafuerte, Jr., the former Governor of Camarines Sur. The controversy began during Villafuerte's term, wherein several disbursements for provincial projects were audited by the COA and found to be deficient, non-compliant with the Government Procurement Act, and categorized as unnecessary expenditures.

The COA issued ten Notices of Disallowance (NDs) for various transactions ranging from engagements for services to mobilization fees paid to contractors. Villafuerte did not contest these NDs, leading to Notices of Finality of Decision (NFDs). Subsequently, Villafuerte filed petitions for certiorari and prohibition with the RTC, which issued and extended a temporary restraining order (TRO) against the COA's implementation of the NDs.

Petitioners, represented by the Office of the Solicitor General (OSG), opposed the issuance of a writ of injunction, arguing the RTC's lack of jurisdiction, the finality of the NDs, failure to exhaust administrative remedies, and the absence of requisites for the writ. Despite opposing motions, the RTC proceeded, leading the petitioners to escalate the matter to the Supreme Court (SC).

Issues:

1. Whether the RTC committed grave abuse of discretion in taking cognizance of petitions challenging COA's NDs.
2. Whether there was a failure to exhaust administrative remedies before seeking judicial intervention.
3. The propriety of Villafuerte's recourse to the RTC in assailing the provincial auditor's NDs without first appealing to the COA Commission Proper.

Court's Decision:

The Supreme Court granted the petition, highlighting the COA's primary jurisdiction over audit matters and the procedural error of resorting to the RTC. The SC underscored the importance of exhausting administrative remedies and adhering to the constitutional provision that only decisions of the COA Commission Proper can be brought to the SC via a

petition for certiorari. The petitions filed by Villafuerte in the RTC were deemed improper due to non-compliance with the principle of primary jurisdiction and failure to exhaust administrative remedies. Consequently, the questioned NDs were declared final and executory, and the petitions before the RTC were dismissed.

Doctrine:

The SC reiterates the doctrine of primary jurisdiction, indicating that matters requiring specialized auditing expertise fall within the COA's purview. Judicial review by courts should only be sought after exhausting all administrative remedies.

Class Notes:

- **Primary Jurisdiction:** The need to defer to the specialized expertise of administrative bodies before seeking judicial intervention.
- **Exhaustion of Administrative Remedies:** Parties must utilize all available remedies within the administrative framework before resorting to courts.
- **Doctrine of Immutability of Judgements:** Once a decision attains finality, it cannot be altered by any court, reinforcing the notion of legal finality and certainty.

Historical Background:

This case is set against the backdrop of the Philippine government's auditing framework, wherein COA plays a critical role in ensuring accountability and adherence to procurement laws. The dispute underscores the tension between administrative authority and judicial recourse, emphasizing the procedural and jurisdictional protocols that govern interactions between government entities and the judiciary.