

Title: Feliciano v. Commission on Audit

Facts:

****Step by Step Events:****

1. A Special Audit Team from the Commission on Audit (COA) Regional Office No. VIII audited Leyte Metropolitan Water District (LMWD).
2. LMWD received a letter from COA dated July 19, 1999, requesting payment of auditing fees.
3. Ranulfo C. Feliciano, as General Manager of LMWD, responded on October 12, 1999, refusing to pay and citing Sections 6 and 20 of Presidential Decree 198 (PD 198) and Section 18 of Republic Act No. 6758 (RA 6758).
4. COA's Regional Director referred the reply to the COA Chairman on October 18, 1999.
5. On October 19, 1999, Feliciano requested a refund of auditing fees previously paid.
6. Feliciano received a resolution on March 16, 2000, from COA Chairman Celso D. Gangan, dated January 3, 2000, denying his requests.
7. Feliciano filed for reconsideration on March 31, 2000, which COA denied on January 30, 2001.
8. Feliciano filed a petition with the Supreme Court on March 13, 2001, supported by resolutions from the Visayas Association of Water Districts (VAWD) and the Philippine Association of Water Districts (PAWD).

Issues:

1. Whether Local Water Districts are government-owned or controlled corporations subject to the audit jurisdiction of COA.
2. Whether Section 20 of PD 198 prohibits COA's CPAs from auditing local water districts.
3. Whether Section 18 of RA 6758 prevents COA from charging government-owned and controlled corporations auditing fees.

Court's Decision:

The Supreme Court affirmed the COA's decisions, stating that:

1. Local Water Districts are government-owned and controlled corporations with original charters, thus falling within COA's audit jurisdiction.
2. The contention that PD 198 prohibits COA CPAs from auditing Local Water Districts is

unconstitutional as it conflicts with the constitutional powers of COA.

3. COA is allowed to charge auditing fees as per the rules surrounding the “actual audit cost,” and such practice does not violate Section 18 of RA 6758.

Doctrine:

- The Constitution mandates COA to audit all government agencies, including government-owned and controlled corporations with original charters.
- PD 198 and any law cannot exempt entities from COA’s audit jurisdiction, as outlined in the Constitution.

Class Notes:

- ****Government-owned and Controlled Corporations (GOCCs)****: Entities with original charters, meaning they are created under special laws and not under the Corporation Code.
- ****PD 198****: Serves as the original charter for Local Water Districts, making them GOCCs subject to COA’s audit jurisdiction.
- ****RA 6758, Section 18****: Addresses the compensation and independence of COA personnel, allowing the charging of audit services based on actual audit costs.

Historical Background:

The case underlines the constitutional mandate of the COA to audit government entities and clarifies the nature of Local Water Districts as GOCCs. It also highlights the legal tension between specific provisions of presidential decrees and the overarching authority of the Constitution regarding government audits and financial accountability.