

### Title: *Abella et al. v. Commission on Audit Proper and COA Regional Office No. XIII, Butuan City*

### Facts:

The Department of Budget and Management (DBM) Regional Office No. XIII disapproved the separate item for extraordinary and miscellaneous expenses (EME) appropriation in Butuan City's 2000 annual budget, citing violation of Section 325(h) of the Local Government Code (LGC), which equates EME with discretionary funds, thus prohibiting such appropriation as a separate item. Despite DBM's disapproval, the Sangguniang Panlungsod (SP) of Butuan enacted an ordinance allocating EME allowances to select officials. This led to the issuance of various Notices of Disallowance (ND) by the Commission on Audit (COA) Regional Office No. XIII, spanning from 2004 to 2009, against EME disbursements amounting to an aggregate of P8,099,080.66. Petitioners, as recipients of the disallowed EMEs, appealed these disallowances, which were ultimately upheld by both the COA Regional Office XIII and the COA Proper. Petitioners then sought relief from the Supreme Court, raising issues regarding the violation of the right to speedy disposition of cases, the propriety of the NDs, and their liability despite claiming good faith as passive recipients.

### Issues:

1. Whether the prolonged resolution of the appeals constitutes a violation of the right to speedy disposition of cases;
2. Whether the issuance of the NDs disallowing the EME disbursements was proper; and
3. Whether petitioners' claim of good faith can absolve them from liability to refund the disallowed EMEs.

### Court's Decision:

1. **\*\*Speedy Disposition of Cases:\*\*** The Court found no violation of the right to speedy disposition of cases, highlighting that the complexity of the appeals, involving 94 disallowances covering several years, warranted the time taken for resolution. The Court also noted the petitioners' failure to assert this right during the proceedings.
2. **\*\*Proper Issuance of NDs:\*\*** The Court affirmed the propriety of the disallowances, stating that EME appropriations, akin to discretionary funds, violated Section 325(h) of the LGC. It further observed that the ordinance-based EME grants to SP officials lacked legal basis, given the explicit limitations under the LGC and the circumvention thereof.

3. **Good Faith and Liability:** Relying on the principles of solutio indebiti and unjust enrichment, the Court ruled that good faith does not exempt petitioners from the obligation to refund the amounts received without legal basis. It specified that exemptions might apply in cases of genuine service consideration or when excused based on equitable grounds, none of which applied to the petitioners.

**Doctrine:**

- The right to a speedy disposition of cases is deemed violated only when the proceeding is attended by vexatious, capricious, and oppressive delays.
- EME appropriations considered similar to discretionary funds are prohibited under Section 325(h) of the Local Government Code as a separate item of appropriation.
- The principle of solutio indebiti applies to public officials required to refund amounts received without legal basis, with exemptions considered under specific equitable circumstances.

**Class Notes:**

- **Right to Speedy Disposition:** A party's failure to assert this right during the administrative proceedings weakens their position when raised at the appellate stage.
- **Section 325(h) of the LGC:** Sets a limit on appropriations for discretionary purposes, emphasizing the state policy on judicious utilization of public funds.
- **Doctrine of Solutio Indebiti:** Applies in cases where public funds were disbursed without a legal basis, necessitating a refund regardless of the recipient's good faith.
- **Unjust Enrichment:** Petitioners cannot retain benefits mistakenly received from public funds, with the obligation to return such amounts unless justified by genuine service or equitable considerations.

**Historical Background:**

This case underscores the strictures placed on local government units in the Philippines regarding budget appropriations and emphasizes the importance of adherence to legal frameworks to prevent misallocation of public funds. It also reflects the judiciary's role in interpreting statutory limitations on fiscal autonomy within the framework of national policy objectives.