

**\*\*Title:\*\*** Zaldy Uy Ampatuan vs. Commission on Audit: A Quest for Justice Amidst Procedural Complexities

**\*\*Facts:\*\***

The Commission on Audit (COA), through its Special Audit Office (SAO), conducted a special audit of the Office of the Regional Governor in the Autonomous Region in Muslim Mindanao (ARMM) covering January 2008 to September 2009, when Zaldy Uy Ampatuan was the ARMM's Regional Governor. The audit resulted in a Notice of Disallowance (ND) disallowing payments totaling P79,162,435.00 to a supermarket for various irregularities, including lack of purpose, violation of payment and procurement rules, and inadequate documentation.

Ampatuan's appeal to the SAO Director was denied for irregularities and filing beyond the prescribed period. His Petition for Review to the COA Proper was similarly dismissed for being tardy and without merit. His Motion for Reconsideration (MR) was rejected for lack of new argumentation, and a subsequent Supplemental MR, alleging a denial of due process and non-participation, was also disallowed. An Omnibus MR reiterating his arguments was dismissed as a prohibited second MR, leading to this petition under Rule 65 for certiorari, alleging denial of due process because of counsel's negligence and asserting non-involvement in the disallowed transactions.

**\*\*Issues:\*\***

1. Whether procedural errors, including the late filing of appeals and misapplication of pleading rules, preclude a substantive review of the case merits.
2. Whether a public official's non-participation in disallowed transactions absolves him of liability.
3. Whether denial of due process can be grounded on counsel's negligence.
4. Whether the principle of immutability of judgment can be relaxed in the interest of substantial justice.

**\*\*Court's Decision:\*\***

The Supreme Court found merit in Ampatuan's petition, overturning the COA's resolutions and modifying the Notice of Disallowance to delete his solidary liability. The Court noted procedural misapplications, such as the improper use of Rule 65 over Rule 64 and the disregard for timely appeal due to reliance on inaccurately served notices. Moreover, it underscored that liability in disallowances is not automatic for heads of agencies but depends on the extent of their involvement and the performance of their duties. Finally, it considered substantial justice and the absence of evidence of Ampatuan's bad faith or

negligence, thus absolving him from liability related to the disallowed disbursements.

**\*\*Doctrine:\*\***

The decision reiterates the principle that final and executory judgments can be set aside in cases of grave abuse of discretion, emphasizing that liability for illegal disbursements under COA rules is contingent upon direct involvement or negligence. It clarifies that the position of an agency head, by itself, does not constitute grounds for liability absent proof of malice, gross negligence, or direct participation in irregular transactions.

**\*\*Class Notes:\*\***

- Role of due process in administrative proceedings: emphasizes the necessity of proper notice and the opportunity to be heard.
- Scope and limits of counsel's representation: highlights the critical need for accurate communication and the potential impact of counsel's actions on a client's legal standing.
- Application of the doctrine of immutability of judgments versus the principle of substantial justice: illustrates the Court's discretion to revisit final rulings in exceptional cases to prevent miscarriage of justice.
- Liability determination in audit disallowances: establishes that liability is not automatic by virtue of position but depends on involvement, oversight failures, or direct action contributing to unlawful expenditures.

**\*\*Historical Background:\*\***

The case exists against the backdrop of stringent audit practices and legal frameworks in the Philippines, designed to safeguard public funds. It signifies the judiciary's role in balancing procedural rigor with equity, ensuring that individuals are held accountable based on their actual involvement and conduct in relation to public fund management.