

### Title:

Tetangco Jr. et al. vs. Commission on Audit

### Facts:

This case arises from the Commission on Audit's (COA) disallowance of the Extraordinary and Miscellaneous Expenses (EMEs) of the ex officio members of the Monetary Board (MBM) of the Banko Sentral ng Pilipinas (BSP). The petitioners, including BSP Governor Amando M. Tetangco, Jr. and other members and employees of the BSP, challenged COA's Decision No. 2013-227 dated December 23, 2013, and its ensuing resolution dated August 12, 2014, which affirmed Notices of Disallowance Nos. 10-004 GF (2007-2008) and 10-004 GF (2007-2009). The COA's initial decision on March 23, 2010, disallowed EMEs for ex officio MBM members, asserting these expenses had already been covered under the General Appropriations Act (GAA) for cabinet members and thus, any additional EMEs from the BSP were unnecessary.

The petitioners sought reconsideration from COA, which was denied. The progression to the Supreme Court was through a Petition for Certiorari under Rule 64 in relation to Rule 65, alleging COA acted with grave abuse of discretion in its disallowance. The petitioners contended that the disallowed EMEs were incurred before the finality of COA's 2010 decision, arguing their entitlement to EMEs for their distinct functions within the BSP, challenging the inclusion of petitioner Favila in the liability for EMEs approved without his participation, and asserting the COA's decision violated the equal protection clause under the Constitution.

### Issues:

1. Whether the COA gravely abused its discretion in disallowing the EMEs of the ex officio MBM.
2. Whether the petitioners' defense of good faith in approving the EMEs is tenable.
3. Whether the inclusion of petitioner Favila in the liability for EMEs he did not participate in approving was justified.
4. Whether the disallowance of the EMEs violated the equal protection clause of the Constitution.

### Court's Decision:

The Supreme Court upheld COA's decision, finding no grave abuse of discretion. The Court ruled that the limitations imposed by laws and regulations justified the disallowance of EMEs for ex officio MBM members. It emphasized that such members, being part of the

Cabinet, had already received EMEs under the GAA, rendering additional EMEs from the BSP unnecessary and irregular. The Court also noted prior jurisprudence and directives that prohibited additional compensation for holders of multiple offices, reinforcing COA's decision. The petitioners' defense of good faith was rejected based on their failure to adhere to the highest standards of responsibility and diligence required by law. The Court found that the petitioners were sufficiently informed and could not have misunderstood the applicable laws, regulations, and judicial pronouncements. Finally, petitioner Favila's inclusion in the liability was affirmed, as his receipt of the disallowed EMEs made him accountable regardless of his participation in their approval.

### ### Doctrine:

The decision reiterated the principle that ex officio members of the Monetary Board, being Cabinet members, are entitled to EMEs only as appropriated under the GAA for their primary office. Receipt of additional EMEs from another agency or office is deemed unnecessary and irregular. The decision also underscored the high standard of responsibility and diligence required from government officials and employees, particularly in the financial and banking sectors.

### ### Class Notes:

- **Ex officio Compensation**: Government officials holding multiple offices are only entitled to compensation and allowances as appropriated for their primary office under the GAA.
- **Duty of Diligence**: Officials in the banking sector are subject to the highest standards of integrity and performance, with any deviation from legislated laws and established jurisprudence considered a grave failure of this duty.
- **Presumption of Good Faith**: Presumption of good faith does not extend to actions that blatantly disregard laws, COA directives, and established jurisprudence.

### ### Historical Background:

This case underscores the ongoing efforts to ensure governmental fiscal responsibility and transparency in the Philippines. It highlights the scrutiny applied to the disbursement of public funds, particularly in relation to allowances and compensation for government officials holding ex officio positions. The principles affirmed in the decision reinforce previous jurisprudence on the limitations of compensation for public officials, embodying the state policy against double compensation and underscoring the need for adherence to statutory restrictions and standards of public accountability.