

Title:

National Amnesty Commission vs. Commission on Audit

Facts:

The National Amnesty Commission (NAC), a government entity created by Proclamation No. 347 on March 25, 1994, by President Fidel V. Ramos, aimed to review amnesty applications. Initially, its composition included a Chairperson, three appointed regular members, and the Secretaries of Justice, National Defense, and Interior and Local Government as ex officio members. The first meetings were attended by the ex officio members themselves, but subsequently, they designated representatives who received honoraria from December 12, 1994.

However, on October 15, 1997, NAC's resident auditor, Ernesto C. Eulalia, disallowed these honoraria payments totaling P255,750 for December 12, 1994, to June 27, 1997, based on COA Memorandum No. 97-038. This decision was upheld by the National Government Audit Office (NGAO) on September 1, 1998, and notices of disallowance were issued to the representatives involved.

The NAC argued against this disallowance by invoking Administrative Order No. 2, approved on October 19, 1999, under President Joseph Estrada, which allowed representatives of ex officio members to receive per diems and other benefits. Despite this, both the COA's decisions on July 26, 2001, and January 30, 2003, affirmed the disallowance, leading the NAC to file a petition for review with the Supreme Court.

Issues:

1. Was COA Memorandum No. 97-038 valid and effective without publication under Article 2 of the Civil Code?
2. Did the COA correctly apply constitutional and legal restrictions on the payment of honoraria to the representatives of the NAC's ex officio members?
3. Was Section 1, Rule II of Administrative Order No. 2 invalid for allowing such payments?

Court's Decision:

- **Legality of COA Memorandum No. 97-038:** The Court held that COA Memorandum No. 97-038 did not require publication for effectivity as it was an internal and interpretative regulation directing enforcement of an already established constitutional prohibition.

- **Constitutional and Legal Restrictions:** The Court affirmed COA's stance that no legal basis existed for granting per diem, honoraria, or any allowances to the NAC ex officio

members' representatives, aligning with the constitutional directives safeguarding public funds and prohibiting double compensation.

- **Validity of Administrative Order No. 2:** The Court found that the COA correctly ruled Administrative Order No. 2's provision allowing payment of honoraria to representatives as null and void for exceeding authority, given that it contravened constitutional restrictions.

Doctrine:

The Supreme Court established that representatives of ex officio members in commissions or bodies cannot receive additional compensation for fulfilling the duties of the ex officio members, based on constitutional prohibitions against holding multiple offices and receiving double compensation. It further underscored the COA's auditing powers and its mandate to ensure government funds' lawful and prudent use.

Class Notes:

- **Appointment vs. Designation:** An appointment is the selection of an individual for an office, entitling them to compensation, whereas designation connotes the assignment of additional duties without the right to additional compensation.

- **Legal Prohibitions and Allowances:** Public officials, including representatives of ex officio members, are generally barred from receiving additional compensation unless explicitly authorized by law or the Constitution.

- **Audit Powers of COA:** COA has broad authority to audit government finances and to ensure compliance with laws governing public funds, including the power to disallow irregular expenditures.

- **Statutory and Constitutional References:** The case interprets various legal sources, including COA Memorandum No. 97-038, the 1987 Philippine Constitution, the Administrative Code of 1987, and RA 6758 (Salary Standardization Law).

Historical Background:

This case contextualizes within the broader efforts of the Philippine government to streamline governance and ensure accountability in the handling of public funds, especially as it pertains to compensations. It reflects the continuous balance between efficient governance structures and stringent fiscal oversight, as embodied by the COA's role in auditing and regulating government expenditures.