

Title: Efraim C. Genuino vs. Commission on Audit

Facts:

Efraim C. Genuino, former Chairman of the Board of Directors and Chief Executive Officer of the Philippine Amusement and Gaming Corporation (PAGCOR), and Rene C. Figueroa, former Senior Vice President of PAGCOR, were implicated in the Notice of Suspensions and subsequently the Notice of Disallowance issued by the Commission on Audit (COA) pertaining to a P2,000,000.00 financial grant to Pleasant Village Homeowners Association (PVHA) for a flood control project in Los Baños, Laguna. The grant was suspended and later disallowed by COA on grounds that PVHA is a private entity, making the use of public funds for its benefit illegal. Genuino and Figueroa appealed COA's decision, arguing the grant served a public purpose and that their participation was either ministerial or for a valid corporate social responsibility initiative. Their appeals were rejected by COA at various levels, prompting them to elevate the matter to the Supreme Court.

Issues:

1. Whether COA's audit jurisdiction over PAGCOR is limited.
2. Whether the disallowance of the financial assistance to PVHA was proper.
3. Whether Genuino and Figueroa may be held personally liable for the disallowed transaction.
4. Whether a stay order in favor of Figueroa should be issued.

Court's Decision:

The Supreme Court ruled that COA's audit jurisdiction over PAGCOR is not limited by Section 15 of Presidential Decree No. 1869, as the 1987 Constitution expanded COA's audit powers to include all government-owned or controlled corporations, without exemptions. Consequently, the disallowance of financial assistance to PVHA was deemed proper due to the project's failure to satisfy public purpose requirements under relevant laws. The Court found Genuino and Figueroa personally liable for the disallowed amount, emphasizing the importance of their roles in authorizing the unlawful expenditure. Lastly, the Court denied Figueroa's request for a stay order, finding no compelling reason to grant the relief sought.

Doctrine:

The Supreme Court established the doctrine that COA's audit jurisdiction over government-owned or controlled corporations, such as PAGCOR, is broad and encompasses all operations and transactions, in accordance with Article IX-D, Sections 2 and 3 of the 1987 Constitution. It reiterated the principle that government funds must be spent for public

purposes, as mandated by law.

Class Notes:

1. Audit Jurisdiction: COA has the power, authority, and duty to examine all accounts pertaining to government funds under Article IX-D, Sections 2 and 3 of the 1987 Constitution.
2. Public Purpose Requirement: Government funds should be used solely for public purposes, following Section 4 of Presidential Decree No. 1445.
3. Personal Liability: Public officers may be held personally liable for expenditures incurred in violation of law, as emphasized by the Supreme Court's application of relevant provisions from the Administrative Code of 1987 and Presidential Decree No. 1445.

Historical Background:

The case highlights the intersection between COA's constitutional mandate to ensure accountability in the use of government resources and the operations of government-owned or controlled corporations like PAGCOR. It underscores the constitutional expansion of COA's audit powers post-1987 and the principle of accountability among public officers in handling public funds.