

Title:

Ancheta v. Commission on Audit, G.R. No. 244128

Facts:

1. **Background:** The Subic Water District (SWD), a government-owned and controlled corporation (GOCC), released a total of PHP 3,354,123.50 in various benefits in 2010 for its officers, employees, and Board of Directors. These benefits included rice allowance, medical allowance, Christmas groceries, year-end financial assistance, mid-year bonus, and year-end bonus.
2. **Notice of Disallowance:** On August 22, 2011, the Commission on Audit (COA) disallowed these disbursements via Notice of Disallowance (ND) No. 2011-002, claiming they violated Department of Budget and Management (DBM) Corporate Compensation Circular (CCC) No. 10. The circular stipulates that only allowances received by incumbents as of June 30, 1989, remain permitted.
3. **Initial Appeal:** Meanwhile, Irene Ancheta (General Manager), Ariel Rapsing (Corporate Budget Specialist), Agnes Corpuz (Cashier A), and other employees were held responsible for the disallowance due to their roles in approving, certifying, and receiving these benefits. Ancheta challenged this decision by appealing to COA Regional Office No. 3 (COA-R03).
4. **COA-R03 Decision:** On March 28, 2012, COA-R03 upheld the disallowance affirming the benefits' violation of RA No. 6758.
5. **Petition for Review:** Ancheta and other SWD employees filed a Petition for Review with the COA Proper.
6. **COA Proper Ruling:** COA Decision No. 2016-473 dated December 28, 2016, affirmed COA-R03's ruling, dismissing the petition for lack of merit.
7. **Motion for Reconsideration:** Ancheta's belated motion for reconsideration led to a modified resolution by the COA on December 27, 2017. The COA affirmed its previous decision but absolved regular, casual, and contractual employees from refunding the received amounts and specified solidary liability for approving and certifying officers.
8. **Supreme Court Filing:** Unconvinced, petitioners took their case to the Supreme Court, claiming authorization for the benefits based on letters from DBM Secretaries Benjamin Diokno (2000) and Emilia Boncodin (2001).

Issues:

1. Was SWD covered by RA No. 6758 when the 2010 benefits were granted?
2. Was the disallowance of the 2010 benefits proper?
3. Should the petitioners be held liable for the refund of the disallowed amounts?

Court's Decision:

****1. Coverage of RA No. 6758 on SWD:****

- SWD was already a GOCC under PD No. 198, and therefore RA No. 6758, effective July 1, 1989, applies.
- The Supreme Court's earlier decisions confirming LWDs as GOCCs merely interpreted existing laws, and this interpretation has a retroactive effect to the law's original passage.

****2. Propriety of the Disallowance:****

- The disallowed benefits violated Section 12 of RA No. 6758, which allows continuing additional compensation only for incumbents as of July 1, 1989.
- The DBM Circular No. 10 further constrains allowances for incumbents as of June 30, 1989. Since recipients were employed post-1989, the allowances were unauthorized.
- DBM Letters citing differing dates (like December 31, 1999) were deemed erroneous and non-binding, lacking the force of law or valid rules.

****3. Liability to Refund:****

- Ancheta and Rapsing, the approving and certifying officers, were held liable. Employees who received benefits passively are exempt.
- The good faith defense was rejected for Ancheta and Rapsing due to their negligence in adhering to established laws and clear jurisprudential guidelines.
- Their liability is limited to the "net disallowed amounts" (total disallowed minus amounts retained by absolved recipients).

Doctrine:

- ****Coverage of RA No. 6758:**** Applies to all positions in government, including GOCCs.
- ****Non-Diminution of Pay:**** Incumbents as of July 1, 1989, may continue to receive non-integrated benefits.
- ****Good Faith vs. Gross Negligence:**** Public officers' presumption of good faith is negated by gross negligence or obvious disregard of legal provisions.

Class Notes:

1. ****Key Elements:****

- ****RA No. 6758:**** Governs standardization of salaries and integration of allowances for government employees.
- ****Section 12:**** Non-integrated allowances continued only for incumbents as of July 1, 1989.
- ****Gross Negligence:**** Failure by public officers to act diligently in line with legal

standards.

2. **Legal Statutes:**

- **Section 12 & 17 of RA No. 6758:**

“`plaintext

SEC. 12... Such other additional compensation, whether in cash or in kind, being received by incumbents only as of July 1, 1989, not integrated into the standardized salary rates shall continue to be authorized...

“`

- **COA Rules on Solidary Liability:**

“`plaintext

SEC. 43. Liability for Illegal Expenditures... Every payment made in violation... Every official or employee authorizing or making such payment, or taking part therein, and every person receiving such payment, shall be jointly and severally liable to the Government for the full amount so paid or received.

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Historical Background:

- **PD No. 198 (1973):** Established Local Water Districts like SWD as GOCCs.

- **RA No. 6758 (1989):** Introduced Salary Standardization for all positions in government and was applicable to GOCCs, including water districts.

- **Supreme Court Decisions:** From the 1980s and early 1990s progressively confirmed the GOCC status of LWDs.

- **DBM Circulars and Letters:** Provided administrative guidance but inconsistent with the stipulations of RA No. 6758.