

****Title:**** Brenda L. Nazareth vs. Hon. Reynaldo A. Villar, Hon. Juanito G. Espino, Jr. et al.

****Facts:****

1. Congress enacted R.A. No. 8439 on December 22, 1997, the Magna Carta for Scientists, Engineers, Researchers, and other Science and Technology Personnel in Government.
2. Section 7 of R.A. No. 8439 grants additional allowances (hazard, subsistence, laundry benefits, among others) to DOST officials and employees, with funding to be appropriated by the General Appropriations Act (GAA).
3. Despite the lack of specific appropriations in the GAA from 1998, DOST Regional Office IX began paying the benefits.
4. State Auditor Ramon E. Vargas conducted several post-audits from 1999 to 2001 and issued Notices of Disallowance (NDs) disallowing these benefits due to absence of appropriations, lack of guidelines from DBM and CSC, and a president's veto on use of savings.
5. DOST Secretary Dr. Filemon Uriarte, Jr. requested authority from the President, and Executive Secretary Ronaldo B. Zamora approved the use of savings on April 12, 2000 for payments covering CY 2000.
6. Appeals by Brenda L. Nazareth to various levels of COA for lifting the NDs were denied, though COA lifted NDs for 1998 and 1999 based on Zamora's memo.
7. June 4, 2009, COA reaffirmed disallowance for CY 2001 because it was not covered under the April 12, 2000 memorandum.

****Issues:****

1. Whether COA committed grave abuse of discretion in affirming the NDs for the disallowed benefits of CY 2001.
2. Whether the Memorandum of Executive Secretary Zamora extended the authority to use savings for CY 2001 Magna Carta benefits.

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

1. ****Applicability of the April 12, 2000 Memorandum****: The court found that the Executive Secretary's memo did not provide blanket authority for indefinite calendar years but was limited to CY 1998, 1999, and 2000. The memorandum's context showed no intent for it to cover subsequent years such as CY 2001. Therefore, the COA did not err in its limitation.
2. ****Constitutional Provision on Appropriations****: Section 29(1), Article VI of the 1987 Constitution mandates that funds be appropriated by law in the GAA, and no money shall be paid out of the Treasury without it. CY 2001 GAA re-enacted previous appropriations without including the Magna Carta benefits, rendering payments beyond the authorized

periods unconstitutional as there were no new appropriations.

3. **COA's Jurisdiction and Discretion**: COA possesses broad constitutional authority to prevent and disallow irregular expenditures. The court cannot overturn COA's determinations without evidence of grave abuse of discretion, which was not provided here. The COA's actions were consistent with their role in safeguarding public funds.

Doctrine:

- Section 29(1), Article VI of the 1987 Constitution: All funds must be appropriated by law.
- Only specifically authorized appropriations may be augmented by savings (Sec. 25(5), Art VI of the 1987 Constitution).
- The authority to transfer appropriations is strictly limited to identified officials and cannot be presumed or extended beyond expressly stated provisions.

Class Notes:

1. **Public Funds and Appropriations**:

- **Section 29(1), Article VI of the Constitution**: Requirement of appropriation by law for payments out of the Treasury.
- **Section 25(5), Article VI of the Constitution**: Authority to augment appropriations from savings strictly limited to heads of offices.

2. **Doctrine of Qualified Political Agency**: Acts of department heads as acts of the President unless specifically countermanded.

3. **Good Faith Exception** (Blaquera Case): Recipients of disallowed benefits in good faith do not need to refund.

Historical Background:

- R.A. No. 8439 was enacted to promote human resources in science and technology, recognizing the sector's importance for national development. The consistent issue was the lack of specific appropriations in subsequent GAAs, leading to disputes about valid payments.