

**\*\*Title:\*\*** Malonzo v. Zamora, Puno, and Tibor

**\*\*Facts:\*\***

1. **\*\*Background and Allegations:\*\***

- On March 15, 1999, the Office of the President (OP), through Executive Secretary Ronaldo Zamora, adjudged Caloocan City Mayor Reynaldo Malonzo, Vice-Mayor Oscar Malapitan, and several city councilors guilty of misconduct. They were penalized with a suspension of three months without pay due to alleged misuse of appropriated funds.
- The misconduct charge arose from the realignment of funds appropriated for the expropriation of Lot 26 of the Maysilo Estate, involving P39,352,047.75, into other uses, part of a broader P50 million allocation.

2. **\*\*Petition to the Supreme Court:\*\***

- The petitioners immediately challenged the OP's decision before the Supreme Court on March 22, 1999, contesting the OP's findings as based on an erroneous understanding of the financial appropriations and insisting the realignment was legal.
- On July 27, 1999, the Supreme Court found that the OP acted with grave abuse of discretion by mistakenly intermingling separate appropriations and annulled the OP's decision.

3. **\*\*Subsequent Developments:\*\***

- The Office of the Solicitor General filed a Motion for Reconsideration on August 12, 1999, contending that the findings of the OP were correct and that the realignment lacked legal sufficient funds, violating Sections 50 and 52 of the Local Government Code.
- The petitioners filed a response on October 20, 1999.

**\*\*Issues:\*\***

1. Whether the realignment of P39,352,047.75, purportedly part of a capital outlay for the expropriation of property, was lawful.
2. Whether the enactment of Ordinance No. 0254, Series of 1998, was validly passed with funds actually available and in compliance with the procedural requirements of the Local Government Code.
3. Whether the procedural steps in the enactment of the ordinance, like the adoption of in-house rules and the conduct of ordinance readings, were met.
4. Whether the findings of misconduct by the OP amounted to grave abuse of discretion subject to a writ of certiorari.

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

1. **\*\*Legality of Realignment:\*\***

- The Court examined Section 322 and found the OP's premise of misconduct flawed, concluding that the Ordinances No. 0246 (1997) and No. 0254 (1998) were distinct. The allocation under Ordinance No. 0254 was separate and aligned correctly with "Current Operating Expenditures," not a violation of any capital outlay requirement.

2. **\*\*Enactment with Available Funds:\*\***

- The Court clarified that funds were available under the correct legal classification, rejecting respondent's argument of funds' absence. It differentiated the realigned amount from continuing appropriations, noting its proper origin from a general fund.

3. **\*\*Procedural Compliance:\*\***

- On procedural fronts, the Court noted that adoption/update of house rules under Section 50 was not violated and affirmed that procedural flexibilities existed, such as expedited readings in pressing circumstances like salaries becoming due, thereby dismissing claims of irregularity.

4. **\*\*Grave Abuse of Discretion:\*\***

- The Court reaffirmed its stance that the OP's factual findings lacked record support and that the exercise of discretion was executed unreasonably, warranting the annulment and final injunction against the penalty implemented.

**\*\*Doctrine:\*\***

- **\*\*Realignment of Appropriations:\*\*** Realignment is permissible if the funds are from current operating expenditures and not classified strictly under capital outlays or continuing appropriations.

- **\*\*Abuse of Discretion Review:\*\*** The findings leading to sanctions must be devoid of arbitrary reasoning and must be based on clear evidentiary support to avoid constituting grave abuse of discretion.

**\*\*Class Notes:\*\***

- **\*\*Local Government Code Application:\*\*** Section 322 on the reversion of unexpended balances highlighted; significant emphasis on distinguishing capital outlay from current expenditures when addressing fund allocation legality.

- **Procedural Compliance:** Section 50 on internal rules reviewed, clarifying that legislative bodies need only consider internal rules update/adoption, not complete them, before enactment activities.

**Historical Background:**

- This case fell within a broader context of examining local government autonomy and resource allocation, primed by the Local Government Code of 1991 reforms aimed at improving local fiscal management and governance oversight. It addressed foundational disputes regarding the interpretation of appropriation laws amidst devolution and financial decentralization advances in Philippines governance.