

RE: REPORT ON FINANCIAL AUDIT CONDUCTED AT MCTC, SANTIAGO-SAN ESTEBAN, ILOCOS SUR

A.M. No. P-11-2950 (Formerly A.M. No. 11-6-62-MCTC). January 17, 2012

Ponente: LEONARDO-DE CASTRO, J.

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LEONARDO-DE CASTRO, J.:

The administrative case at bar arose from the judicial audit of the Municipal Circuit Trial Court (MCTC) of Santiago-San Esteban, Ilocos Sur.

The Court Management Office (CMO) of the Office of the Court Administrator (OCA) conducted a judicial audit and physical inventory of cases in said MCTC, in view of (1) the compulsory retirement of Angeles J. Ancheta (Ancheta), MCTC Clerk of Court II, on August 2, 2006; (2) the request made on August 6, 2008 by Febella J. Guillermo, Officer-in-Charge, Accounting Division, Finance Management Office, OCA, for an immediate audit of Virginia D. Hufana (Hufana), MCTC Officer-in-Charge (OIC) Clerk of Court II, from August 1, 2006 to June 30, 2008, for her failure to submit monthly reports;^[1] and (3) the Memorandum dated July 9, 2009 of then MCTC Acting Presiding Judge Juvencio S. Gascon and letter dated July 16, 2009 of then Executive Judge Isidro T. Pobre of the Regional Trial Court (RTC), Narvacan, Ilocos Sur, requesting a comprehensive audit of the financial records of the MCTC considering the assumption to duty of Estella E. Imperial (Imperial) as MCTC Clerk of Court II on July 1, 2008.

On August 31, 2007, then Court Administrator Christopher O. Lock requested^[2] authority from the Court to withhold Hufana's salaries given her continuous failure to submit the required monthly report of collections, deposits, and withdrawals for the Special Allowance for the Judiciary (SAJ), Judiciary Development Fund (JDF), Fiduciary Fund, and Sheriff's Trust Fund of the MCTC from August 2006 up to the time the request was made. The request was approved on September 18, 2007.

After the examination of the books of accounts of the MCTC Clerks of Court II, namely, Ancheta (March 1985 to July 31, 2006), Hufana (August 1, 2006 to June 30, 2008) and Imperial (July 1, 2008 to May 31, 2010), the CMO-OCA Audit Team submitted its Memorandum^[3] on October 11, 2010, with the following recommendations:

A. Ms. Angeles J. Ancheta be DIRECTED, within FIFTEEN (15) DAYS from RECEIPT of NOTICE, to:

- DEPOSIT:

1-a.

P389,700.00 to the court's Fiduciary Fund Savings Account No. 1281-0814-50 with the Landbank of the Philippines [LBP], Candon City, Ilocos Sur Branch on account of the following:

Undeposited collections of December 1995 -July 31, 2006

P 335,700.00

Withdrawals with lacking supporting documents (against decided cases)

24,000.00

Withdrawals with lacking supporting documents (against active cases)

30,000.00

1-b.

P348.00 to the Bureau of Treasury Account with the LBP to settle the unremitted interest of P400.00 (withdrawn on 1 February 1999 from the court's Fiduciary Fund Savings Account No. 188 with the Rural Bank of Cabugao, Inc., San Esteban, Ilocos Sur Branch) less the General Fund overremittance (in the years 2000-2002) totaling P52.00;

- SUBMIT to the Chief of the Fiscal Monitoring Division, Court Management Office, OCA the:

2-a.

Original copies of machine-validated deposit slips in connection with the directives set forth in Items A(1-a) and A(1-b);

2-b.

Original copy of the passbook issued by the Rural Bank of Santiago, Inc., Santiago, Ilocos Sur Branch for the court's Fiduciary Fund Savings Account No. 2297;

2-c.

Supreme Court official receipt booklet consisting of fifty (50) sheets numbered 8279151 to 8279200; and

2-d.

Missing supporting documents of certain withdrawals totaling P24,000.00; and

- EXPLAIN, IN WRITING, WHY NO ADMINISTRATIVE SANCTION SHALL BE IMPOSED UPON HER for the:

3-a.

Undeposited and unrefunded Fiduciary collections totaling P335,700.00;

3-b.

Unremitted cashbond collections of P293,000.00 which were refunded to bondsmen (from cash on hand) upon rendition of judgment by the court on certain criminal cases;

3-c.

WITHDRAWAL of a total of P47,000.00 against the court's Fiduciary Fund Savings Account (with the LBP) although the cashbonds of the six (6) decided cases involved were not deposited to the aforementioned Account;

3-d.

ISSUANCE (for Fiduciary collections totaling P150,000.00 that went unreported) of, at the very least, six (6) receipts belonging to an official receipt booklet (consisting of fifty (50) sheets numbered 8279151 to 8279200) which she failed to present to the audit team and reported as "mutilated," "not used" and "not assigned to any fund";

3-e.

ISSUANCE of ORIGINAL copies of official receipts for Fiduciary collections totaling P277,000.00 (that were not reported to the court) and ISSUANCE of the corresponding TRIPLICATE copies for JDF collections totaling P200.00 (that were reported); and

3-f.

ISSUANCE of the ORIGINAL and TRIPLICATE copies of OR No. 8279432 for cashbond collections with different collection dates, payors, litigants and amounts (P20,000.00 and P1,000.00, respectively) of which only the latter amount was reported to the court;

B. Ms. Virginia T. Hufana be DIRECTED within FIFTEEN (15) DAYS from RECEIPT of NOTICE, to:

- DEPOSIT:

1-a.

P24,000.00 to LBP Fiduciary Fund Savings Account No. 1281-0814-50, Candon City, Ilocos Sur Branch to cover withdrawals which were reverted to unwithdrawn pending the submission of the required supporting documents; and

1-b.

P9,603.80 to Special Allowance for the Judiciary Fund Account No. 0591-1744-28 to settle unremitted collections of August 2006 to July 2008; and

- SUBMIT to the Chief of the Fiscal Monitoring Division, Court Management Office, OCA the:

2-a.

Original copies of machine-validated deposit slips in connection with the directives set forth in Items B(1-a) and B(1-b); and

2-b.

Missing supporting documents of certain withdrawals totaling P24,000.00.[4] (Citations omitted.)

Thereafter, Court Administrator Jose Midas P. Marquez submitted to the Court a Report[5] dated May 27, 2011 recommending that:

- This Report be DOCKETED as a regular administrative complaint against Mesdames ANGELES J. ANCHETA and VIRGINIA T. HUFANA for dishonesty and grave misconduct in the handling of judiciary funds;

- Hold Departure Orders be ISSUED against Mesdames ANGELES J. ANCHETA and VIRGINIA T. HUFANA to prevent them from leaving the country;

- The OFFICE OF ADMINISTRATIVE SERVICES, OCA be DIRECTED to:

C-1.

COMPUTE the balance of the earned leave credits of Mesdames ANGELES J. ANCHETA and VIRGINIA T. HUFANA and FORWARD the same to the Finance Division, Financial Management Office (FMO), OCA;

and

C-2.

FURNISH the Finance Division, FMO, OCA with certified true copies of their computerized service records and Notices of Salary Adjustment (NOSA);

- The FINANCIAL MANAGEMENT OFFICE, OCA be DIRECTED to:

D-1.

COMPUTE and PROCESS the money value of leave credits and other retirement benefits (net of deductions) due to Mesdames ANGELES J. ANCHETA and VIRGINIA T. HUFANA, including the withheld salaries and allowances of Ms. Hufana, and APPLY the same to their accountabilities, to wit:

D-1(a).

ANGELES J. ANCHETA:

P389,700.00 –

Landbank of the Philippines (LBP) Fiduciary Fund Savings Account No. 1281-0814-50, Candon City, Ilocos Sur Branch

P348.00 -

Bureau of Treasury Account with the LBP

D-1(b).

VIRGINIA T. HUFANA

P24,000.00 -

LBP Fiduciary Fund Savings Account No. 1281-0814-50, Candon City, Ilocos Sur Branch

P9,603.80 -

Special Allowance for the Judiciary Fund Account No. 0591-1744-28

D-2.

COORDINATE with the Fiscal Monitoring Division (FMD), Court Management Office, OCA on the release to the incumbent Clerk of Court of the checks to be applied to the shortages in order for the FMD to PROPERLY MONITOR the respondents' settlement of their accountabilities;

- Mesdames ANGELES J. ANCHETA and VIRGINIA T. HUFANA be DIRECTED to DEPOSIT, WITHIN a NON-EXTENDIBLE PERIOD of ONE (1) MONTH from RECEIPT of NOTICE, any remaining balance of the indicated shortages to the corresponding fund accounts, after the money value of their leave credits and the total withheld salaries and allowances (net of deductions) had been applied to their accountabilities; and FURNISH the Chief, Fiscal Monitoring Division, Court Management Office, OCA with copies of the corresponding machine-validated deposit slips;

- The retirement benefits (after applying the same to their accountabilities), except accrued leave credits, of Mesdames ANGELES J. ANCHETA and VIRGINIA T. HUFANA be FORFEITED for dishonesty and grave misconduct, with prejudice to reemployment in the government service, including government-owned and controlled corporations;

- The LEGAL OFFICE, OCA be DIRECTED to IMMEDIATELY FILE criminal and civil proceedings against Mesdames ANGELES J. ANCHETA and VIRGINIA T. HUFANA upon receipt of a Report from the Fiscal Monitoring Division, Court Management Office that they failed to reconstitute the portion of their shortages not covered by the money value of their leave credits and the withheld salaries and allowances (net of deductions);

- Ms. ESTELLA E. IMPERIAL, incumbent Clerk of Court, be DIRECTED to:

H-1.

DEPOSIT to the respective fund accounts (as instructed by the Fiscal Monitoring Division [FMD], Court Management Office [CMO], OCA the checks to be sent to her by the Financial Management Office, OCA, to partially/fully settle the accountabilities of Mesdames ANGELES J. ANCHETA and VIRGINIA T. HUFANA; and FURNISH the Respondents and the Chief, FMD, CMO with copies of the machine-validated deposit slips; and

H-2.

HOLD IN ESCROW, upon settlement by Mesdames ANGELES J. ANCHETA and VIRGINIA T. HUFANA of their respective Fiduciary Fund shortages of P389,700.00 and P24,000.00, respectively, the amounts of P54,000.00 (representing the total withdrawals of Ms. Ancheta with lacking supporting documents) and P24,000.00 (representing the total withdrawals of Ms. Hufana with lacking supporting documents), which shall be REFUNDED to them partially (on a per case basis) or in its entirety upon their presentation of some or all of the missing documents to the court's Clerk of Court and the Chief, Fiscal Monitoring Division, Court Management Office, OCA; and

- Acting Presiding Judge HOMER JAY D. RAGONJAN be DIRECTED to:

I-1.

CLOSELY MONITOR the financial transactions of the court, otherwise, he shall be held equally liable for the infractions committed by the employees under his supervision; and

I-2.

STUDY and IMPLEMENT procedures that shall strengthen the internal control over financial transactions.[6]

The Court issued a Resolution dated July 6, 2011 which noted the foregoing Report, re-docketed the case as a regular administrative matter, and issued a hold departure order against Ancheta and Hufana to prevent them from leaving the country.

The Court required Hufana and Ancheta to submit their explanation on the administrative charges against them. However, up until the resolution of the instant administrative matter, Hufana and Ancheta have still not complied with said directive.

The Court has already given Hufana and Ancheta more than enough opportunity to explain their side. With their obstinate defiance and incessant refusal to submit their compliance to this Court, despite the latter's repeated directives and stern admonitions, Hufana and Ancheta displayed their insolence and disrespect for the lawful orders of the Court. "A resolution of the Supreme Court should not be construed as a mere request, [and] should be complied with promptly and completely." Such "failure to comply betrays not only a recalcitrant streak in character, but also a disrespect for the Court's lawful order and directive." [7] Furthermore, this contumacious conduct of refusing to abide by the lawful directives issued by the Court has likewise been considered as an utter lack of interest to remain with, if not contempt of, the system.[8] Hufana and Ancheta's transgression is highlighted even more by the fact that they are employees of the Judiciary, who, more than an ordinary citizen, should be aware of their duty to obey the orders and processes of the Supreme Court without delay.[9] Their

willful disobedience to and disregard for the directive of this Court constitute grave and serious misconduct,[10] which cannot be tolerated.

The Court shall no longer wait for Ancheta and Hufana, who have clearly forfeited their chance to be heard on the charges against them. It now proceeds to resolve this administrative matter based on the present contents of the record, the most significant of which are the report and recommendations of the CMO-OCA Audit Team and their annexes, as adopted by the OCA.

The Court has recognized that “Clerk[s] of Court [are] important officer[s] in our judicial system. [Their] office is the nucleus of all court activities, adjudicative and administrative. [Their] administrative functions are as vital to the prompt and proper administration of justice as their judicial duties.”[11]

The Court has further declared that the “Clerk of Court performs a very delicate function [as] the custodians of the funds and revenues, records, property, and premises of the court[,]” and as such, “they are liable for any loss, shortage, destruction, or impairment of said funds and property.”[12]

Supreme Court Circulars No. 13-92 and No. 5-93 provide the guidelines for the proper administration of court funds. Supreme Court Circular No. 13-92 mandates that all fiduciary collections “shall be deposited immediately by the Clerk of Court concerned, upon receipt thereof, with an authorized depository bank.” In Supreme Court Circular No. 5-93, the Land Bank of the Philippines was designated as the authorized government depository.

In *Office of the Court Administrator v. Fortaleza*,[13] the Court expounded on the responsibility and accountability of Clerks of Court for the collected legal fees in their custody, thus:

Clerks of Court are the chief administrative officers of their respective courts; with regard to the collection of legal fees, they perform a delicate function as judicial officers entrusted with the correct and effective implementation of regulations thereon. Even the undue delay in the remittances of amounts collected by them at the very least constitutes misfeasance. On the other hand, a vital administrative function of a judge is the effective management of his court and this includes control of the conduct of the court’s ministerial officers. It should be brought home to both that the safekeeping of funds and collections is essential to the goal of an orderly administration of justice and no protestation of good faith can override the mandatory nature of the Circulars designed to promote full accountability for government funds.[14]

The Court, in *Office of the Court Administrator v. Galo*,[15] pointed out that it had always reminded Clerks of Court that, as custodians of court funds and revenues, they have the “duty to immediately deposit the various funds received by them to the authorized government depositories for [Clerks of Court] are not supposed to keep funds in their custody.”[16]

Ancheta and Hufana’s refusal to face head-on the charges against them is contrary to the principle that the first impulse of an innocent person, when accused of wrongdoing, is to express his/her innocence at the first opportune time.[17] Ancheta and Hufana’s silence and non-participation in the present administrative proceedings, despite due notice and directives of this Court for them to submit documents in their defense, i.e., a written explanation, an accounting, and missing receipts, strongly indicate their guilt. Moreover, the “[f]ailure of a public officer to remit funds upon demand by an authorized officer [shall be] prima facie evidence that the public officer has put such missing funds or property to personal use.”[18] In the total absence of rebutting or contrary evidence, then the Court can only conclude that Ancheta and Hufana have misappropriated the unaccounted/unremitted court funds in their care and custody.

Ancheta and Hufana’s failure to remit their collections, amounting to P390,048.00 and P33,603.80, constitutes gross neglect of duty, dishonesty, and grave misconduct.[19] They have transgressed the trust reposed in them as cashiers and disbursement officers of the Court.[20]

We emphasized in *Office of the Court Administrator v. Ganzan*[21] that:

The conduct or behavior of all court personnel is circumscribed with the heavy burden of responsibility. Time and again, the High Court affirms the practical reality that the image of the court as a true temple of justice is mirrored by the conduct of everyone who works therein, from the judge to the lowest clerk. It is therefore imperative that those involved in the administration of justice must live up to the highest standard of honesty and integrity in the public service.

On court employees who have fallen short of their accountabilities, particularly, Clerks of Court who are the custodians of court funds and properties, the Court has not hesitated to impose the ultimate penalty. This Court has never tolerated or condoned any conduct that would violate the norms of public accountability and diminish, or even tend to diminish, the faith of the people in the justice system.[22]

However, since Ancheta and Hufana had already retired from the service, dismissal is no longer feasible as a penalty for the present charges.

WHEREFORE, the Court finds respondent Angeles J. Ancheta, former Clerk of Court II, and Virginia T. Hufana, former OIC-Clerk of Court II, of the Municipal Circuit Trial Court of Santiago-San Esteban, Ilocos Sur, GUILTY of gross neglect of duty, dishonesty, and grave misconduct, and since they had already compulsorily retired, judgment is hereby rendered as follows:

- The Office of Administrative Services (OAS)-OCA is DIRECTED to:

A-1.

Compute the balance of the earned leave credits of Angeles J. Ancheta and Virginia T. Hufana and FORWARD the same to the Finance Division, Financial Management Office (FMO)-OCA; and

A-2.

Furnish the Finance Division, FMO-OCA, with certified true copies of their computerized service records and Notices of Salary Adjustment;

- The FMO-OCA is DIRECTED to:

B-1.

Compute and process the monetary value of leave credits and other retirement benefits (net of deductions) due to Angeles J. Ancheta and Virginia T. Hufana, including the latter's withheld salaries and allowances, and apply the same to their accountabilities, to wit:

B-1(a).

Angeles J. Ancheta:

P389,700.00 – Landbank of the Philippines (LBP) Fiduciary Fund Savings Account No. 1281-0814-50, Candon City, Ilocos Sur Branch

P348.00 – Bureau of Treasury Account with the LBP

B-1(b).

Virginia T. Hufana

P24,000.00 – LBP Fiduciary Fund Savings Account No. 1281-0814-50, Candon City, Ilocos Sur Branch

P9,603.80 – Special Allowance for the Judiciary Fund Account No. 0591-1744-28

B-2.

Coordinate with the Fiscal Monitoring Division (FMD), CMO-OCA on the release to the incumbent Clerk of Court of the checks to be applied to the shortages in order for the FMD to properly monitor the settlement by Angeles J. Ancheta and Virginia T. Hufana of their accountabilities;

- Angeles J. Ancheta and Virginia T. Hufana are DIRECTED to deposit, within a non-extendible period of one (1) month from receipt of notice, any remaining balance of the indicated shortages to the corresponding fund accounts, after the money value of their leave credits and the total withheld salaries and allowances (net of deductions) had been applied to their accountabilities; and furnish the Chief, FMD, CMO-OCA with copies of the corresponding machine-validated deposit slips;

- The retirement benefits (after applying the same to their accountabilities), except accrued leave credits, of Angeles J. Ancheta and Virginia T. Hufana are FORFEITED for their gross neglect of duty, dishonesty, and grave misconduct, with prejudice to reemployment in the government service, including government-owned and controlled corporations;

- The Legal Office, OCA is DIRECTED to immediately file criminal and civil proceedings against Angeles J. Ancheta and Virginia T. Hufana upon receipt of a Report from the FMD, CMO-OCA that they failed to reconstitute the portion of their shortages not covered by the money value of their leave credits and the withheld salaries and allowances (net of deductions);

- Estella E. Imperial, incumbent Clerk of Court, is DIRECTED to:

F-1.

Deposit to the respective fund accounts (as instructed by the FMD, CMO-OCA, the checks to be sent to her by the FMO-OCA, to partially/fully settle the accountabilities of Angeles J. Ancheta and Virginia T. Hufana; and furnish Angeles J. Ancheta and Virginia T. Hufana and the Chief, FMD, CMO-OCA with copies of the machine-validated deposit slips; and

F-2.

Hold in escrow, upon settlement by Angeles J. Ancheta and Virginia T. Hufana of their respective Fiduciary Fund shortages of P389,700.00 and P24,000.00, respectively, the amounts of P54,000.00 (representing the total withdrawals of Angeles J. Ancheta with lacking supporting documents) and P24,000.00 (representing the total withdrawals of Virginia T. Hufana with lacking supporting documents), which shall be refunded to Angeles J. Ancheta and Virginia T. Hufana partially (on a per case basis) or in its entirety upon their presentation of some or all of the missing documents to the Clerk of Court of the Municipal Circuit Trial Court of Santiago-San Esteban and the Chief, FMD, CMO-OCA; and

- Acting Presiding Judge Homer Jay D. Ragonjan of the Municipal Circuit Trial Court of Santiago-San Esteban, Ilocos Sur, is DIRECTED to:

G-1.

Closely monitor the financial transactions of the court, otherwise, he shall be held equally liable for the infractions committed by the employees under his supervision; and

G-2.

Study and implement procedures that shall strengthen the internal control over financial transactions.

SO ORDERED.

Corona, C.J., Carpio, Velasco, Jr., Leonardo-De Castro, Peralta, Bersamin, Del Castillo, Abad, Villarama, Jr., Perez, Mendoza, Sereno, Reyes, and Perlas-Bernabe, JJ., concur.

Brion, J., on leave.

[1] Rollo, p. 22.

[2] Id. at 23.

[3] Id. at 9-18.

[4] Id. at 15-17.

[5] Id. at 1-8.

[6] Id. at 5-8.

[7] Tugot v. Judge Coliflores, 467 Phil. 391, 402-403 (2004).

[8] Parane v. Reloza, A.M. No. MTJ-92-718, November 7, 1994, 238 SCRA 1, 4.

[9] Tan v. Sermonia, Clerk IV, MTCC, Iloilo City, A.M. No. P-08-2436, August 4, 2009, 595 SCRA 1, 13.

[10] Longboan v. Polig, 264 Phil. 897, 901 (1990).

[11] Re: Report on the Financial Audit Conducted in the RTC, Br. 34, Balaoan, La Union, 480 Phil. 484, 492 (2004), citing Dizon v. Bawalan, 453 Phil. 125, 133 (2003).

[12] Office of the Court Administrator v. Fortaleza, 434 Phil. 511, 522 (2002), citing Office of the Court Administrator v. Bawalan, A.M. No. P-93-945, March 24, 1994, 231 SCRA 408, 411.

[13] Id.

[14] Id. at 522.

[15] 373 Phil. 483, 491 (1999).

[16] Id. at 491.

[17] Re: Report on the Financial Audit Conducted in the Regional Trial Court, Branch 34, Balaoan, La Union, *supra* note 11; Office of the Court Administrator v. Bernardino, 490 Phil. 500, 531 (2005).

[18] Office of the Court Administrator v. Besa, 437 Phil. 372, 380-381 (2002).

[19] Re: Report on the Judicial and Financial Audit of RTC-Br. 4, Panabo, Davao del Norte, 351 Phil. 1, 20 (1998).

[20] Office of the Court Administrator v. Bernardino, *supra* note 17.

[21] A.M. No. P-05-2046, September 17, 2009, 600 SCRA 17.

[22] *Id.* at 29-30.

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