

RE: COMPLAINT OF JUDGE ROWENA NIEVES A. TAN FOR LATE REMITTANCE BY THE SUPREME COURT OF HER TERMINAL LEAVE PAY TO GSIS TO APPLY FOR PAYMENT OF HER SALARY LOAN TO SAID AGENCY.

A.M. No. 2007-02-SC. February 10, 2010

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

Judge Rowena Nieves A. Tan (Judge Tan), Presiding Judge of Branch 42 of the Regional Trial Court of Balangiga, Eastern Samar, complained by Letter-Complaint[1] of October 11, 2006 addressed to Atty. Eden Candelaria, Deputy Clerk of Court and Chief Administrative Officer of the Office of Administrative Services (OAS), about the late remittance of her terminal leave pay to the Government Service Insurance System (GSIS) to partially settle her salary loan therewith.

Thus she wrote:

I write to complain about my terminal leave pay which the Court remitted to the GSIS only after two (2) years since the Cash Collection and Disbursement Division, FMBO was supposed to do so. As a result, the balance of my salary loan was not fully paid and a huge interest was incurred thereon. I have repeatedly asked said office, through Mr. Fernando "Dong" Montalvo, to settle this matter the soonest possible time. But they have not done so. I am now constrained to file the necessary legal and administrative actions to enforce my rights and seek redress from said office's negligence which have unduly prejudiced me. (Emphasis and underscoring supplied)

It appears that in 2001, Judge Tan, then employed as a court attorney in this Court, obtained a P192,064 salary loan from the GSIS. On June 30, 2002, she resigned from the Court at which time she had paid the GSIS a total of P33,340.93. To settle her outstanding balance, she requested the Court to remit her terminal leave pay of P88,666.88 to the GSIS. And she manifested that she would surrender her GSIS policy with a cash surrender value of P79,057.73[2] to fully settle her loan.

While Judge Tan was pursuing her Master of Laws in London, she was informed by the GSIS, by letter of October 8, 2002, that she still owed the amount of P111,385.90 inclusive of interests and surcharges as of July 31, 2006.[3]

In the early part of 2004, Judge Tan repaired to the Court to inquire about the remittance of her terminal leave pay to the GSIS. It was only then that it was discovered that remittance was yet to be made. The remittance was then made on May 13, 2004. Judge Tan thus demanded the

x x x x. ... immediate rectification by the Court's Cash Division by paying the amount of P111,311.45 to the GSIS, which amount was incurred due to the negligence and dereliction of duty by said office.[4] (emphasis and underscoring supplied)

The OAS, through its Complaints and Investigation Division (CID), accordingly directed Fernando Montalvo (Montalvo), Liliane Ulgado (Ulgado), Dexter Ilagan (Ilagan), Minerva Briones (Minerva), Edita Japzon (Edita) and Ursula Editha San Pedro (San Pedro) to explain the delay in the remittance of Judge Tan's terminal leave pay to the GSIS.

Montalvo, then Fiscal Examiner II at the Cash Collection and Disbursement Division (CDD)[5] who was responsible for, among other things, the preparation of vouchers for payment of initial salaries, salary differentials, money value of terminal leaves and allowances and those for remittance to the GSIS, Pag-IBIG and Philhealth, recalled that the Cashier Division received an endorsement from the Leave Division for the payment of the money value of the terminal leave of Judge Tan in the amount of P88,666.88; and that the voucher was prepared on August 21, 2002 under DV No. 101-02-08-19596, together with a corresponding remittance voucher for the GSIS (DV No. 101-02-08-19597) representing partial payment of her salary loan, but that the check intended for remittance to the GSIS was never prepared as the remittance voucher was erroneously forwarded to the Accounting Division, instead of to the CDD.[6]

Ilagan, then Accountant I at the Accounting Division,[7] admitted preparing the journal entry voucher of Judge Tan for recording in the books. He claimed, however, that his work was subject to review by his immediate supervisor and approval by the chief accountant. And he denied that the remittance voucher intended for the GSIS was filed with the other disbursement vouchers as he was not familiar with a remittance voucher.[8]

Minerva, Ilagan's superior, admitting that the initials appearing in the journal entry voucher prepared by Ilagan were hers, stressed that said voucher was checked "on the basis of correctness of the accounting entry used, the accuracy of the amount and the sufficiency of the basic documents to support a transaction for recording in the books of accounts"; that having verified the journal entry voucher to be in order, she initialed it and forwarded it to the chief accountant for approval; and that she was not aware of any GSIS remittance voucher that was attached to the journal entry voucher as there were then voluminous supporting documents attached to it.[9]

San Pedro, the then Acting Chief of the Accounting Division, for his part posited that the staff of the Financial Services Division should have sorted all the disbursement vouchers processed by their office and determined which should be forwarded to the CDD for payment and to the Accounting Division for recording in the books of accounts.[10]

By letter of February 19, 2007, Edita, SC Chief Judicial Staff Officer, Financial Services Division, explained how the "oversight" occurred as follows, quoted verbatim:

As reflected in the Flow Chart . . . all disbursement vouchers after being signed/approved by the Chief Justice's authorized representative with zero balances should be forwarded to the Accounting Division, for Journal Entry Voucher preparation done by Bookkeeping Section. Likewise those with approved for payment are forwarded to the Checks Disbursement Division for check preparation.

In the case of Judge Rowena Nieves A. Tan, disbursement vouchers payable and to be remitted to GSIS was unintentionally forwarded to the Accounting Division together with disbursement voucher of zero balance. This was stated in the letter of Ms. Lilianne Ulgado, Chief Accountant, Accounting Division.

The person in charge of sorting, recording to the record book and forwarding to respective divisions was Mr. Rudin Vengua, who compulsorily retired last August 2006. However, there were instances also that Mr. Vengua unintentionally delivered the disbursement vouchers with zero balances to Checks Disbursement Division, but Check Disbursement staff would call the attention of our office for misdelivered zero balances disbursement vouchers.

Unfortunately our 2002 record book was lost together with some documents when we transferred from our

former office 2[nd] floor Annex Building, on October 2004. x x x x. (emphasis, italics and underscoring supplied)[11]

In its May 15, 2007 Report,[12] the OAS, after concluding its investigation, came up with the following findings, quoted verbatim:

This Office issued a memorandum directing the F[inancial] S[ervices] D[ivision] to name the responsible person in their office in 2002 who sorted out, took both the DV No. 101-02-08-19596 and 101-02-08-19597 and mistakenly forwarded them to the Accounting Division. Ms. Edita Japzon, (FSD Chief) wrote a letter and informed this office that the person in charge of sorting, recording [in] the recording book and forwarding the disbursement vouchers to the respective divisions is Mr. Rudin Vengua. Said person compulsory retired last August 2006. She further stated that there were instances that Mr. Vengua unintentionally delivered disbursement vouchers with zero balances to CDD, but the Check Disbursement staff would call the attention of FSD for misdelivered zero balances disbursement vouchers. (emphasis and underscoring supplied)

Due to the retirement of Mr. Vengua in August 2006, a time prior to the initiated complaint by Judge Tan, granting *arguendo* that Mr. Vengua may have been negligent in mistakenly forwarding the vouchers to the Accounting Division, it is already beyond the ambit of the administrative arm of the Supreme Court to try him, as administrative case/s cover only employees of the Court at the time the case was lodged. Thus, recourse if proceeded by the aggrieved party against Mr. Vengua rest[s] now, only in the regular Courts in a criminal/civil action.

As regards Mr. Dexter Ilagan's testimony, he pointed out that his concern as a Bookkeeper is merely to record and not to check the supporting documents:

x x x x

Is it just ministerial on the part of the Bookkeeper to merely see the face value of the voucher and input the same in his journal entries? We say in the negative, a definition of the Bookkeeper as appearing in the Supreme Court personnel division files is a person who "under general supervision, performs skilled and responsible bookkeeping work; and does related work".

x x x x

In the case at hand, the DV with zero balance and the DV for remittance on its face value do not appear to be the same. What a bookkeeper does for recording is to check box C [approved for payment] of the disbursement voucher if it states "zero only" or not. It was just unfortunate that there is another Disbursement Voucher underneath that contains P88,666.00 in box C [approved for payment]. He should have been cautious in making an entry knowing the fact that what he was recording is "Terminal Leave Benefits, GSIS payable-Salary Loan." Mr. Ilagan has been doing a bookkeeping job since 1999, formerly assigned to handle the Fiscal Autonomy Accounts, and when he was transferred to handle the General Fund accounts, his role as a Bookkeeper was the same. In year 2002, the time that the incident happened, he was still performing a bookkeeping function and what more, his position is actually an Accountant I whose job definition is "under general supervision, assists in performing advanced and specialized accounting tasks and provides guidance to lower level accounting clerks in work methods and procedures; does related tasks". Mr. Ilagan may not have reviewed the function of the Bookkeeper and Accountant by the book, but as an Accountant, it is basic that he knows how to account the difference between a variety of original disbursement vouchers with a zero account and an Eighty Eight Thousand Six Hundred Sixty Six (P88,666.00) Pesos payable, in this case the claimant being the GSIS and not Judge Tan.

Ms. Minerva Briones, the designated immediate supervisor of Mr. Ilagan in the Bookkeeping Section was then holding the position of Accountant II. Her position's definition states that, under general supervision, performs a variety of advanced and complicated accounting functions and supervises the work of lower level accounting

personnel; does related work. The characteristics of her position among others state: participates in the bookkeeping work of the agency x x x . Ms. Briones should have been cautious of their work, she being the immediate supervisor should have clearly accounted the supporting documents attached to the JEV and the DV, and if the same be found in excess of the basic requirements, they should have checked as to why it was attached. Their laxity in their review and recording of disbursement vouchers led to a catastrophic result, a ballooning interest. It is clearly appearing in the files of the Accounting Division that DV No. 101-02-08-19597 is not a zero balance voucher.

As to Ms. San Pedro, her participation in the second routing was to review the journal entries on JEV No. 02-08-0031 based on the processed DV No. 101-02-08-19596 and ALOBS only. The supporting documents of the DV in the second routing was no longer checked by her because she had already done so in the first routing when she signed box B, hence she will not be held to account for the lapses committed by the employees directly responsible. Mr. Ilagan and Ms. Briones, have received the vouchers the first time in the second routing and they made an entry thereafter, thus they could not be excused from these lapses.

Thus, Mr. Dexter Ilagan and Ms. Minerva Biones are jointly and severally liable for the payments made by Judge Tan to GSIS. x x x x. (Emphasis and underscoring supplied)

Perusing the above quoted breakdown received from the GSIS shows that no amount of P79,057.73 representing the alleged GSIS policy cash surrender value was deducted by GSIS to apply for the payment of Judge Tan's salary loan as to leave a zero indebtedness of Judge Tan had the money value of her Terminal Leave been applied too. Hence, the balance of P70,055.19 also incurred accrued interest which Mr. Ilagan and Ms. Briones have no participation of. The matter of the supposed cash surrender value of the GSIS policy could have been settled in 2002 if GSIS and Judge Tan have properly arranged offsetting and prepared the necessary documentation leave a zero balance. Records from the 201 file further disclosed that Judge Tan returned to the Supreme Court as Court Attorney VI assigned to Justice Corona from December 29, 2003 to August 16, 2005 prior to assuming her current position as Regional Trial Court Judge in Samar. x x x.

Thus, the liability of Mr. Ilagan and Ms. Briones would not cover the current total amount of indebtedness, interest and surcharges of Judge Tan to GSIS but only a portion of it with surcharges and accrued interest. x x x. (Italics, emphasis and underscoring supplied)

The OAS accordingly recommended as follows:

- (1) Mr. Dexter Ilagan and Ms. Minerva Briones be adjudged guilty of simple neglect of duty and be suspended for one (1) month and one (1) day suspension [sic] for their failure to exercise due diligence in the performance of their duties;
- (2) Mr. Dexter Ilagan and Ms. Minerva Briones be held liable to Judge Tan in the amount equivalent to the interests and surcharges of Eighty Eight Thousand Six Hundred Sixty Six Pesos and Eighty Eight Centavos (P88,666.88) imposed by the GSIS from July 2002 until May of 2004 including accrued interests arising therefrom. The Chief of the Accounting Division, FMBO-SC be directed to make the necessary computation of the extent of the liability of said personnel and submit the same to the Court; and
- (3) To prevent occurrence of a similar incident in the future, the Checks Disbursement Division be directed to duplicate Disbursement Voucher for remittance as an attachment of the Disbursement Voucher with zero balance, separate from the independent Original Disbursement Voucher for remittance intended to be transmitted to CDD. In that way, the Original Disbursement Voucher for remittance will not be mistaken to be an attachment to the DV with zero balance.[13] (emphasis and underscoring supplied)

The Court finds sufficient evidence only against Ilagan for simple neglect of duty.

The OAS's sole basis in faulting Minerva, Ilagan's superior, was the affixing of her initials on the journal entry

voucher prepared by Ilagan. Without more, the negligence of Ilagan, a subordinate, does not amount to negligence of Minerva, the superior.[14]

There is no showing that the supporting documents attached to the journal entry voucher had palpable or patent defects to call for the non-recording of said voucher in the accounting books. Laxity cannot thus be ascribed to Minerva. Given her position, she cannot be expected to personally examine every single detail of all the transactions passing through her desk. *Arias v. Sandiganbayan*[15] teaches:

...All heads of offices have to rely to a reasonable extent on their subordinates and on the good faith of those who prepare bids, purchase supplies or enter into negotiations. x x x. There has to be some added reason why he should examine each voucher in such detail. Any executive head of even small government agencies or commissions can attest to the volume of papers that must be signed. There are hundreds of documents, letters, memodanda, vouchers and supporting papers that routinely pass through his hands. The number in bigger offices or departments is even more appalling.

There should be other grounds than the mere signature or approval appearing on a voucher to sustain a conspiracy and conviction. (*italics in the original; emphasis and underscoring supplied*)

While Ilagan, as a subordinate, may have complied with the minimum requirements in the performance of his duties when he perfunctorily recorded the journal entry voucher, the fact remains that the subject remittance voucher was attached to the original disbursement voucher during the recording of the journal entry voucher in the accounting books. The primary responsibility of scrutinizing all supporting documents in the journal entry thus fell on Ilagan. His failure to discharge said responsibility is evident in his following testimony, quoted verbatim, during the clarificatory hearing on February 15, 2007:

Q. :

Whether there was an attachment, you're telling us na you just concentrate on the face lang?

A. :

On the face ho tapos lalagyan ko lang ng entries iyan. Sabi nila lagyan ko ng number para malaman namin kung ilang papers iyan.

Q. :

Assuming without admitting that you really did not receive the said voucher but supposed this (remittance to GSIS - DV101-02-08-19597) was attached to this voucher (Rowena Tan -DV101-02-08-19596) and you have seen that the claimant is GSIS. What would you have done then?

A. :

Kasi ang tinitingnan ko ho dito ay iyung ibabaw, ina-assume ko kasi na ito ay duplicate (second paper from the top), hindi ako familiar kung ano ang sinasabi na remittance. Nakita ko lang kung ano ang remittance voucher na pumupunta sa ano (Checks Disbursement Division). Noong nandito na ako sa Fiscal Monitoring Division, CMO, when I personally follow up processing of our checks needed for our travel.

x x x x

Q. :

So, whether this is original, xerox or whatever you don't care. You did not care then?

A. :

Hindi iyun ang responsibility ko. And sabi nila lagyan ko lang ng journal entries (JEV), kung zero balance ay

ilagay ko sa libro and in the first place hindi naman dapat nakarating sa Accounting itong remittance eh. Sa Internal Audit pa lang split na yun. Ipapa-receive sa Finance ba iyun? Sa...[16] (*italics, emphasis and underscoring supplied*)

It is gathered that that was not the first time that Ilagan's office had encountered a situation where a remittance voucher was erroneously forwarded to it. Thus, in his Manifestation the pertinent portions of which are quoted verbatim, Ilagan stated:

27. That as far as I remember, there were instances wherein my immediate supervisor, Mr. Valdezco, Jr., had a usual confrontation with the other divisions on how to correct the procedures that normally jeopardized everybody's operation, one of them was the Zero Balance Vouchers, and we had a series of experience before that these vouchers ended up in the possession of other divisions which caused delay in the recording and payment of obligations; (*italics, emphasis and underscoring supplied*)

x x x x;

30. That regardless of being unfamiliar with the form, granting without admitting that the remittance voucher was found filed together with the JEV, the undersigned is still not answerable because my superiors had already reviewed my work and that they were bound to assume responsibility on the piece of paper they signed under oath and my participation is limited being the one who prepares the journal entries; (*emphasis in the original; underscoring supplied*)[17]

The attachment to the journal entry voucher of what to Ilagan was an "unfamiliar" remittance voucher, as well as his awareness of previous "series of" experiences of the Accounting Division regarding misdelivered "zero-balance" vouchers, should have put him on guard in processing Judge Tan's remittance voucher. He should not have merely "assumed," to use his word, that such unfamiliar voucher was a mere duplicate.

It is gathered that Rudin Vengua, in charge of "sorting, recording [in] the record book and forwarding to [the] respective divisions" of the disbursement vouchers, was also responsible for the inadvertence. For he was tasked to separate the remittance voucher from the original disbursement voucher and to forward the same to the CDD for preparation of the check. But he did not.

Vengua, however, had, retired in August 2006 prior to the filing of the administrative complaint on October 11, 2006.

Still, the Court notes that Judge Tan is not without fault. For, as early as October 8, 2002, the GSIS had already informed her of her outstanding obligation. It was only in the "early part of 2004" that she followed-up the remittance of her terminal leave pay with the Court. Her preoccupation with her studies abroad did not excuse her from either writing, or sending an authorized representative to the Court to follow up the remittance or to continue paying her monthly loan amortizations directly with the GSIS in order to keep her account current pending the remittance.

Suffice it to state then that Judge Tan's act or omission contributed "to a legal cause of what she suffered," which act or omission falls below the standard to which one is required to conform for one's own protection.[18]

Given Judge Tan's contributory negligence, the Court sees it fit to only obligate Ilagan to reimburse the amount paid by Judge Tan for the interest and surcharges on the unremitted P88,666.00 as of October 8, 2002, or the date the GSIS actually informed Judge Tan of her outstanding obligation. Bereft of any record on which a proper assessment of the reimbursable amount can be made, the OAS is directed to coordinate with the Accounting Division and the GSIS for its computation.

Ilagan is thus administratively liable for simple neglect of duty, defined as failure to give proper attention to a task

expected of an employee resulting from either carelessness or indifference.[19]

Under Rule IV, Section 52(B) of the Uniform Rules on Administrative Cases in the Civil Service vis-à-vis Rule XIV, Section 23 of the Omnibus Civil Service Rules and Regulations implementing Book V of the Administrative Code of 1987,[20] the penalty for simple neglect of duty is suspension for a period of one (1) month and one (1) day to six (6) months for the first violation. Under Sec. 19, Rule XIV of the same Rules, the penalty of fine, in lieu of suspension, may also be imposed.

Considering that this appears to be Ilagan's first administrative offense and following rulings in several cases involving simple neglect of duty,[21] the penalty of fine in the amount of P5,000 would suffice.

Respecting the recommendation of the OAS for the issuance of a directive to the Checks Disbursement Division "to duplicate Disbursement Voucher remittance as an attachment of the Disbursement Voucher with zero balance, separate from the independent Original Disbursement Voucher for remittance intended to be transmitted to the C[heck] D[isbursement] D[ivision]," the same is well-taken.

WHEREFORE, DEXTER ILAGAN of this Court is found GUILTY of simple neglect of duty and is fined Five Thousand (P5,000) Pesos, with WARNING that a repetition of the same or similar offense shall be dealt with more severely.

He is also ORDERED to reimburse Judge Rowena Nieves Tan the amount paid by her representing interests and penalty surcharges on her loan from the Government Service Insurance System as of October 8, 2002, the amount to be computed by the Office of Administrative Services which is ordered to coordinate with the Accounting Office and the GSIS for the purpose.

In line with its recommendation, the Office of Administrative Services, in coordination with the Accounting Division, the Financial Services Division, and the Check Disbursement Division and Cash Division, is ORDERED to submit proposed guidelines to prevent a repetition of the same or similar faux pas in the processing of remittance vouchers intended for payment of obligations.

SO ORDERED.

Puno, C.J., Carpio, Corona, Velasco, Jr., Nachura, Leonardo-De Castro, Brion, Peralta, Bersamin, Del Castillo, Villarama, Jr., and Perez, JJ., concur.

Abad, J. on official leave.

Mendoza, J., on leave.

[1] Rollo, pp. 243-244.

[2] Ibid.

[3] Id. at 244.

[4] Ibid.

[5] Now a Supervising Judicial Staff Officer, Checks Disbursement Division.

[6] Rollo, pp. 214-216.

[7] Now Supervising Judicial Staff Officer, Fiscal Monitoring Division.

[8] Rollo, pp. 106-109.

[9] Id. at 133-135.

[10] Id. at 96-100.

[11] Id. at 150.

[12] Id. at 1-13.

[13] Id. at 12-13.

[14] *Reyes v. Rural Bank of San Miguel*, 468 Phil. 254, 262 (2004) citing *Principe v. Fact-Finding and Intelligence Bureau*, G.R. No. 145973, January 23, 2002, 374 SCRA 460.

[15] G.R. Nos. 81563 and 82512, December 19, 1989, 180 SCRA 309.

[16] *Rollo*, p. 77.

[17] Id. at 283.

[18] *Valenzuela v. Court of Appeals*, 323 Phil. 374, 388 (1996).

[19] *Villanueva-Fabella v. Judge Jose Lee*, 464 Phil. 548, 570-571 (2004).

[20] Executive Order No. 292.

[21] *Estoque v. Girado*, A.M. No. P-06-2250, March 24, 2008, 549 SCRA 1, 10-11; *Balanag, Jr. v. Osita*, 437 Phil. 452, 460 (2002); *Casano v. Magat*, 425 Phil. 356, 363 (2002); *Tiongco v. Molina*, 416 Phil. 676, 684 (2001); *Beso v. Daguman*, 380 Phil. 544, 555 (2000).

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