

FLORENCIO B. CAMPOMANES, PETITIONER, VS. PEOPLE OF THE PHILIPPINES, RESPONDENT

G.R. NO. 161950. December 19, 2006

Ponente: CARPIO, J.

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CARPIO, J.:

The Case

This is a petition for review on certiorari[1] assailing the Decision[2] promulgated on 31 January 2003 and the Resolution[3] promulgated on 6 February 2004 by the Sandiganbayan in Criminal Case No. 23672 entitled *People of the Philippines v. Cecilio G. Hechanova and Florencio B. Campomanes*. The accused were charged with conspiracy in violating Article 218 of the Revised Penal Code, which defines and penalizes the failure of an accountable officer to render accounts.

The Sandiganbayan acquitted then Philippine Sports Commission (PSC) Chairman Cecilio G. Hechanova ("Hechanova") for failure of the prosecution to prove conspiracy. The Sandiganbayan, however, convicted accused-petitioner Florencio B. Campomanes ("Campomanes"), then President of the Federation Internationale Des Echecs (FIDE), of the crime of failure to render accounts as defined in Article 218 in relation to Article 222 of the Revised Penal Code. The Sandiganbayan sentenced Campomanes to one year and ten months of imprisonment.

On reconsideration, the Sandiganbayan reduced Campomanes' penalty to a fine of P6,000 due to his advanced age.

The Facts

The present petition involves alleged irregularities in the disbursement and liquidation of the funds that the PSC made available to the FIDE through Campomanes in connection with the PSC's bid to host the 1992 Chess Olympiad and Congress in Manila from 6 to 25 June 1992.

The parties stipulated upon the following facts:

- That during the period material to the Information of this case, accused Cecilio G. Hechanova was the Chairman of the Philippine Sports Commission (PSC) and Florencio B. Campomanes was the President of the Federation International [sic] Des Echecs (FIDE), a private international organization with offices at Lausanne, Switzerland.
- That on 6 March 1991 the Philippine Sports Commission submitted to FIDE a bid offer to host the 30th Chess Olympiad of 1992 in Manila, making the promissory representations required under FIDE rules, viz:
 -
 - '- Financial Guarantee Declaration and/or Government Guarantee if applicable. Provisional budget to be added. The Funding of the Olympiad and Congress shall be the responsibility of the Philippine Sports Commission.

(attached board resolution) budget US\$6 million P180 M.

(1) Additional arrangements:

The sum of One Million [sic] Swiss Francs (SFr.1,000,000.00) has been place in the Philippines National Bank in an account In Trust to the Federation Internationale Des Echecs to guarantee the organization of the 1992 Chess Olympiad and Congress, in case of the award of the same, which amount shall be forfeited in favor of FIDE in the event that the Philippine Sports Commission fails to organize the said Chess Olympiad and Congress.

- Deposit: We enclose with out [sic] offer/bid our deposit fee of SFr. 5,000.00 to FIDE. We are aware that we forfeit this sum if for any reason we do not organize the event. If we do organize the event this sum will be put to the credit of our account with FIDE.

We have organized the specific FIDE stipulations for the above mentioned event and will observe them.

- All conditions offered are subject to the approval of the FIDE President or his representatives.

- The President has the right to demand additional deposits or guarantees from the organizers when he so decides.

- Twelve months before the commencement of the event the President must be in possession of sufficient evidence of the full financial reliability and attention of the sponsors. If such evidence is not at hand at the given time, the President has the right to withdraw the option.

-

That the PSC's bid offer was accepted by FIDE, and accordingly the Philippine government thru the PSC was granted the right to organize and host the 30th World Chess Olympiad in Manila from June 6-25, 1992.

- That in connection with the 30th World Chess Olympiad, the PSC governing board passed Resolution No. 292 on June 4, 1991 appropriating the amount of Fourty [sic] Thousand Swiss Francs (SFr40,000.00) as monthly expenditure of FIDE from May 1991 to June 1992.

- That from October 1990 to June 1992 the PSC, also complying with its obligations under the bid offer, remitted to FIDE – received in FIDE's behalf by its President, Florencio Campomanes – the total amount of P12,876,008.00 in connection with the 30th World Chess Olympiad in Manila.

- That the amount of P12,876,008.00 was acknowledged as having been received by FIDE as shown by a letter dated December 22, 1995 of Willy Iclicki, FIDE Treasurer.

- Also the FIDE transmitted to the PSC two letter-explanations/clearances re the above funds received from PSC:

Letter dated 8 December 1995:

- 'As far as the World Chess Federation is concerned, Mr. Florencio Campomanes made his clarifications and there are no further queries on the amount assigned for FIDE for the Manila Olympiad 1992. As you may know, he was given a total vote of confidence by the General Assembly and elected FIDE Chairman.' -[see Exhibit "2-Campomanes"]

Letter dated 29 May 1997:

- 'Attached is my letter dated Singapore, 22 December 1995, where we had our FIDE Presidential Board meeting, as authenticated today 29 May 1997, by the Philippine Embassy in Brussels.

- We began issuing official receipts only in late 1993 and it is FIDE practice not to issue official receipts unless

specifically requested.' [see Exhibit "4-Campomanes"]^[4]

The Commission on Audit (COA) conducted an audit of the PSC's transactions from March 1990 up to June 1992. During the audit, the COA team, composed of team leader Remy Mendoza ("Mendoza") and members Ignacia Rodrigo and Alexander Rodriguez, requested for the journal and checks and disbursements issued by the PSC pertaining to the P12 million appropriated to defray the organization, administration, and hosting of the Chess Olympiad and Congress. The COA team noticed irregularities in the claims payable to the FIDE. The irregularities consisted of the lack of acknowledgment receipts and of accounting liquidation attached to the disbursement vouchers. The COA defined an acknowledgment receipt as an official receipt evidencing that the FIDE received the funds from the PSC. An accounting liquidation is used to explain how the funds were expended pursuant to the purpose specified in the disbursement voucher.

The COA invited the PSC officials to an exit conference on 27 October 1993. During the conference, the COA submitted its team's findings to the PSC and requested for the PSC's comment on the matter. In the absence of the PSC's comment, the COA prepared SAO Report No. 93-27. The report stated that the FIDE, through Campomanes, received P12,876,008 without acknowledgment and without liquidation.

In an Information dated 1 April 1997, Hechanova and Campomanes were charged as follows:

That, on or about August 25, 1992, or sometime prior or subsequent thereto, in the City of Manila and within the jurisdiction of this Honorable Court, the above-named accused Cecilio G. Hechanova, a public officer, being then the Chairman of the Philippine Sports Commission (PSC), and as such was accountable for public funds disbursed by his office, conspiring and confederating with Florencio B. Campomanes, President of the Federacion [sic] Internationale des Echecs (FIDE), a private organization, to whose custody and possession was entrusted PSC funds to be used in connection with the World Chess Olympiad in Manila, hosted by the Philippine Government from June 6-25, 1992, amounting to PESOS: TWELVE MILLION EIGHT HUNDRED SEVENTY SIX THOUSAND EIGHT (P12,876,008.00), Philippine Currency, did then and there willfully, unlawfully and feloniously fail to render account on the disbursement thereof, within the period provided for by law and the rules and regulations of the Commission on Audit, preventing the auditors from fully establishing the cash accountabilities of both accused and/or the offices they represent to the prejudice of the Government.^[5]

Campomanes entered a plea of not guilty upon arraignment on 24 July 1997 and filed a motion for reconsideration the next day. On 14 January 1998, Special Prosecution Officer II Cicero D. Jurado, Jr. recommended the dismissal of the case. Ombudsman Aniano Desierto overruled the recommendation.

During trial, the prosecution presented Mendoza as its sole witness. Hechanova and Campomanes testified on their own behalf.

The Ruling of the Sandiganbayan

In its decision promulgated on 31 January 2003, the Sandiganbayan's Fifth Division acquitted Hechanova but declared Campomanes guilty and sentenced him accordingly. The dispositive portion of the decision reads thus:

Premises considered, accused Cecilio G. Hechanova is hereby ACQUITTED of the crime charged for failure of the prosecution to prove conspiracy.

On the basis of proof beyond reasonable doubt, accused Florencio B. Campomanes is hereby CONVICTED of the crime of failure to render accounts as defined in Article 218 in relation to Article 222 of the Revised Penal Code. Accordingly, he is hereby meted the straight penalty of one (1) year and ten (10) months imprisonment.

There is no pronouncement as to civil liability as the fact from which the same might arise was not established in the case at bar.

The cash bond posted by accused Hechanova is hereby ordered returned to him subject to the usual accounting and auditing procedures.

The Hold Departure Order issued on May 20, 1997 against accused Hechanova is likewise ordered lifted.

SO ORDERED[.6]] (Emphasis in the original)

In its resolution promulgated on 6 February 2004, the Sandiganbayan denied Campomanes' Motion for Reconsideration filed on 11 February 2003 but modified its previous judgment. The dispositive portion of the resolution reads as follows:

In view of all the foregoing, the instant Motion for Reconsideration dated February 10, 2003 is hereby denied for lack of merit. However, due to accused's advanced age and for humanitarian reasons, the penalty imposed in the questioned Decision is hereby amended to a fine of six thousand pesos (Php6,000.00), instead of imprisonment of one (1) year and ten (10) months, pursuant to Article 218 of the Revised Penal Code.

SO ORDERED.[7]

Justices Francisco Villaruz, Jr. and Diosdado Peralta wrote separate dissenting opinions.

The Issues

Campomanes comes before this Court to question the Sandiganbayan's rulings. He raises the following issues:

I

The Assailed Decision violated petitioner's constitutional right to be informed of the nature and cause of the charges against him.

II

Even assuming that the Sandiganbayan's findings were alleged in the Information, petitioner is not required by law to render an accounting and therefore did not violate Article 218 of the RPC.

III

Assuming further that petitioner was required by law to account for the funds paid by the PSC to the FIDE, the admitted and undisputed facts warrant his acquittal.[8]

The Ruling of the Court

The petition has merit.

The main issue in this appeal is whether Campomanes is indeed guilty of failure to render accounts as defined in Article 218 in relation to Article 222 of the Revised Penal Code.

The Crime of Failure to Render Accounts under Article 218 in relation to Article 222 of the Revised Penal Code

The pertinent articles of the Revised Penal Code read:

Art. 218. Failure of accountable officer to render accounts. – Any public officer, whether in the service or separated therefrom by resignation or any other cause, who is required by law or regulation to render account to the [Commission on Audit], or to a provincial auditor and who fails to do so for a period of two months after such accounts should be rendered, shall be punished by prison correccional in its minimum period, or by a fine ranging from 200 to 6,000 pesos, or both.

Art. 222. Officers included in the preceding provision. – The provisions of this chapter shall apply to private

individuals who, in any capacity whatever, have charge of any [national], provincial or municipal funds, revenues or property and to any administrator or depository of funds or property attached, seized or deposited by public authority, even if such property belongs to a private individual.

There are four elements of the crime under Article 218. First, the offender is a public officer. Second, he must be an accountable officer for public funds or property. Third, the offender is required by law or regulation to render accounts to the COA, or to a provincial auditor. Fourth, he fails to render an account for a period of two months after such accounts should be rendered.

Campomanes is clearly not a public officer. He is the president of the FIDE, a private foreign corporation with whom the PSC, through Hechanova, negotiated to conduct the 1992 Chess Olympiad and Congress in Manila. The Sandiganbayan acknowledged that Campomanes is not a public officer and applied Article 222 of the Revised Penal Code in relation to Article 218. The Sandiganbayan enumerated the elements of the crime as applied to Campomanes thus:

- That the offender is [a] private individual.
- That he has charge of any insular (now national), provincial, or municipal funds, revenues, or property or [is an] administrator or depository of funds, property attached, seized, or deposited by public authority, even if such property belongs to a private individual.
- That he is required by law or regulation to render accounts to the Commission on Audit, or to a provincial auditor.
- That he fails to do so for a period of two months after such accounts should be rendered.[9]

Campomanes admitted that he received funds from the PSC, through Hechanova. Campomanes' admissions are found in the exhibits and in the prosecution and defense's testimonies. The exhibits show Campomanes' signatures in the respective disbursement vouchers issued by the PSC and FIDE's letters to PSC acknowledging receipt of the funds. Moreover, Campomanes has not rendered an accounting of the funds even after he received a letter dated 19 January 1994 from COA Chairman Pascasio S. Banaria demanding that Campomanes refund or submit a detailed accounting to the COA covering the liquidation of the funds that the FIDE received.[10]

The Sandiganbayan's decision, however, failed to specify any law or regulation requiring Campomanes to render accounts to the COA. The Sandiganbayan reasoned thus:

As to the third element of the offense that the accountable officer should be required by law or regulation to render accounts to the Commission on Audit, the prosecution's evidence established that it was accused Campomanes, as President of the FIDE, a private international organization, and thus a private entity, was the one liable to render accounts on the grant that he had received in behalf of FIDE from the PSC.

The basis of the present charge is SAO Audit Report No. 93-27 on the Special Audit of the Philippine Sports Commission (Exh. "HH"). Section 1.2 thereof provides in part thus:

"1.2 Federation Internationale de Echecs (FIDE)

The grant of financial assistance to the Federation Internationale De Echecs (FIDE) amounting to P12,876,008.00 was highly irregular. All checks were received by Mr. Florencio Campomanes, FIDE President, without issuing any Official Receipt of the Organization. No liquidation was submitted by the FIDE President to the PSC on the grant that he received in behalf of FIDE."

The lone prosecution witness, COA Auditor, Ms. Remy Ramos, herself testified that FIDE was supposed to render an account of the subject funds because it was the one which expended the same. Thus, she testified on

direct examination:

"Q: When the PSC funds are turned-over from the PSC to FIDE, who are supposed to account for the funds, the PSC or the FIDE?

A: It should be FIDE, Your Honor Honor [sic], because it will be FIDE who will be expending."

Likewise, on cross-examination, she declared that it was PSC's responsibility to request for an accounting from the FIDE to which it transferred the funds, however, she did not mention in her written recommendation contained in the SAO Audit Report No 93-27 (Exh. "HH"), that PSC should request FIDE to account for the funds. Her testimony is quoted below:

"Q: And nowhere in your report, Special Audit report, which stated that it is the PSC who is obligated or required to account for the P12.8 Million, more or less, financial assistance, is that correct?

A: Yes, sir, because PSC should not be the one to submit the accounting, but it is responsible and obliged to ask FIDE to submit an accounting of the P12.8 Million.

Q: And what is the basis for that answer, Madam Witness?

A: Section 102 of the Philippine Government Auditing Code Manual, PD 1445. Section 102, "Primary and Secondary Responsibility. The head of any agency of the government is immediately and primarily responsible for all government funds or property pertaining to his agency."

Q: So, you mean to say that it is also PSC who is required to account for the P12.8 Million, more or less, financial assistance?

A: It is not to account but it is his responsibility to request for an accounting to the agency wherein he happened to transfer any funds.

Q: The responsibility to request, not to account for it, is that an accurate statement?

A: Yes, sir.

Q: But based on your findings in the Audit Report, you never mentioned in your recommendation that the PSC should request FIDE to account for this fund, is that correct? Nowhere in your recommendation was it stated that the PSC should request FIDE to account for this fund, is that correct?

A: Yes, sir."

Based on the foregoing evidence, it is crystal clear that it was accused Campomanes who should render an accounting of the funds that FIDE received from the PSC.[11](Emphasis in the original)

The Office of the Special Prosecutor (OSP), for its part, recognized the Sandiganbayan's failure to specify the law or regulation requiring Campomanes to render an accounting. The OSP enumerated various laws which presumably specify that Campomanes had the legal obligation to render an account to the COA. The OSP stated thus:

Petitioner finds fault in the assailed Decision of the court a quo in convicting him of the crime charged. He contends that there is no law or regulation requiring him to render an accounting for the amount of P12.8 Million Pesos to the Commission on Audit, which he, as President of the FIDE, received from the PSC.

On the contrary, Section 102(2) of P.D. 1445, as well as Section 27 of the Manual on Certificate of Settlement and Balances (1993 edition), expressly provides petitioner's duty and obligation to render an account of the 12.8 Million Pesos which he received in behalf of FIDE, viz:

"Persons entrusted with the possession or custody of the funds or property under the agency head shall be

immediately responsible to him without prejudice to the liability of either party to the government."

The obligation of petitioner to render an account is crystal clear from this provision. The fact that there was no agreement between the PSC and FIDE for the latter to liquidate or to account is of no moment, because the law expressly imposes, and laid upon petitioner an obligation to render an account, which he manifestly failed.

Secondly, all monies and property officially received by any person in whatever capacity and in whatever occasion must be duly accounted for, and must be duly receipted and acknowledged officially. These again were violated by FIDE, although complied with belatedly. This belated act of FIDE merely proves that it acquiesced that, indeed, it has obligation to render an account for the amount of 12.8 Million Pesos.

Thirdly, the obligation to render an account is buttressed by the provision of Article 222 of the Revised Penal Code which provides that Article 218, among others, "shall apply to private individuals who, in any capacity whatever, have charge of any insular (now national), provincial or municipal funds, revenues or property ..."

Fourthly, Article IX [D], Section 2 [1] of the 1987 Constitution vests upon the Commission on Audit the power and authority, as well as the duty, to examine, audit, among others, all accounts pertaining to the expenditures or uses of funds owned by or pertaining to the Government or any of its agencies, instrumentalities and departments; and this authority extends to the accounts of all persons, regardless of whether an officer or employee of the government or a private individual, respecting funds or properties they received, expended or held in an accountable capacity or not. This is so because of the principle that all government monies must be duly accounted for in order to see to it that government resources are not put to waste and thus, properly protected. Be it noted that government funds must be spent for and used solely for public purpose and only for the purpose for which it is intended. Concomitantly, all persons who received, in whatever capacity, and expended public funds, shall have the obligation to render an account of such funds to the Commission on Audit. Thus, petitioner i[s] under obligation to render an account for the amount of 12.8 Million Pesos which he received as President of FIDE as financial assistance in hosting the World Chess Olympiad in the Philippines.

All these established facts belie the allegation of petitioner that he is under no legal obligation to render an account.[12] (Emphasis in the original)

It is well-settled that penal statutes must be liberally construed in favor of the accused and strictly construed against the state. To paraphrase our ruling in *Kilosbayan, Inc. v. COMELEC*,[13] no matter how believable a story may be, no matter how possible it could really have been that the FIDE and Campomanes were financial conduits for criminal elements, criminal charges cannot ever be sanctioned by mere possibilities or coffee shop rumors. Campomanes should be acquitted because neither the Sandiganbayan nor the OSP was able to show any law or regulation requiring Campomanes to render an accounting to the COA.

Section 2(1)(d) of Article IX-D of the 1987 Constitution must be read in conjunction with Article 222 of the Revised Penal Code. Section 2(1)(d) of Article IX-D of the 1987 Constitution states that:

The Commission on Audit shall have the power, authority, and duty to examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property, owned or held in trust by, or pertaining to, the Government, or any of its subdivisions, agencies, or instrumentalities, including government-owned and controlled corporations with original charters, and on a post-audit basis: x x x

d) such non-governmental entities receiving subsidy or equity, directly or indirectly, from or through the government, which are required by law or the granting institution to submit to such audit as a condition of subsidy or equity. x x x (Emphasis added)

The COA has the authority to demand an accounting from the FIDE if there is a law which requires the PSC to ask the FIDE to render an accounting, or if the PSC expressly required the FIDE to render an accounting as a

condition for funding the Chess Olympiad and Congress. Absent such law or contractual obligation, the COA does not have the authority to audit the accounts of non-governmental entities receiving subsidy or equity from the government, like the FIDE. In the same manner, non-governmental entities receiving subsidy or equity from the government, like the FIDE, are not obliged to render an accounting to the COA if no law or contract requires them to do so.

In the present case, the absence of the conditions contained in Section 2(1)(d) of Article IX-D of the 1987 Constitution prevents the creation of an obligation on the FIDE's part to render an accounting to the PSC or the COA. Consequently, Campomanes, as representative of the FIDE which has no legal obligation to render an accounting, cannot be liable under Article 222 of the Revised Penal Code.

The laws cited by the OSP do not sufficiently show that Campomanes is legally required to render accounts to the COA. Neither the "prosecution's evidence" nor the Audit Report is the "law or regulation" contemplated by the Revised Penal Code. Moreover, it is error for the OSP to submit that Section 102 of Presidential Decree No. 1445 ("PD 1445") is the law mandating the FIDE or its officers to render an accounting. Section 102 of PD 1445, read together with other Sections in Chapter 5 of PD 1445, clearly refers to "official(s) or employee(s)" who are "accountable officers" of "any government agency,"^[14] and not to "non-governmental entities receiving subsidy or equity, directly or indirectly, from or through the Government x x x." When it comes to subsidy or equity extended by the government to a "non-governmental entity," the legal obligation on the part of the non-governmental entity to account for, and the power of the COA to audit, such subsidy or equity arises only if "the law or the granting institution" requires such audit as a condition for the subsidy or equity.

As gleaned from the parties' stipulation of facts, the PSC and the FIDE entered here into a contract requiring the PSC to provide the FIDE the funds for the latter to organize the Chess Olympiad and Congress in Manila. The PSC delivered the funds to the FIDE, which apparently successfully organized the Chess Olympiad and Congress since the PSC does not claim that the FIDE failed to organize the two events. In short, the FIDE complied with its undertaking under the contract. There is no claim by the PSC or the COA that the FIDE, a foreign non-governmental entity, is obligated under the contract to render an accounting. There is also no showing that the PSC's charter or any law or regulation requires the FIDE to render an accounting to the PSC or the COA as a condition for the receipt of funds. Clearly, this situation cannot give rise to criminal liability on the part of the FIDE's officers under Article 222 of the Revised Penal Code which admittedly requires that there must be a "law or regulation" requiring the rendering of accounts by private individuals.

We acquit Campomanes because of the failure of the prosecution to prove all the elements of Article 218, in relation to Article 222, of the Revised Penal Code. Because of this failure, we deem it unnecessary to rule on the other issues raised by both parties.

WHEREFORE, we GRANT the petition. We SET ASIDE the Decision promulgated on 31 January 2003 and the Resolution promulgated on 6 February 2004 of the Sandiganbayan. We ACQUIT Florencio B. Campomanes of the crime of failure to render accounts as defined in Article 218, in relation to Article 222, of the Revised Penal Code.

SO ORDERED.

Quisumbing, (Chairperson), Carpio-Morales, Tinga, and Velasco, Jr., JJ., concur.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Penned by Associate Justice Ma. Cristina Cortez-Estrada with Associate Justices Minita V. Chico- Nazario

(now Supreme Court Associate Justice) and Francisco H. Villaruz, Jr., concurring. Rollo, pp. 67-90.

[3] Penned by Associate Justice Ma. Cristina Cortez-Estrada with Associate Justices Minita V. Chico- Nazario (now Supreme Court Associate Justice) and Norberto Y. Germaldez, concurring. Id. at 91-105. Associate Justices Francisco H. Villaruz, Jr. and Diosdado M. Peralta wrote separate dissenting opinions. Id. at 106-127.

[4] Rollo, pp. 68-70.

[5] Id. at 67.

[6] Id. at 89-90.

[7] Id. at 105.

[8] Id. at 22.

[9] Id. at 103.

[10] Id. at 88-89.

[11] Id. at 86-88.

[12] Id. at 221-224.

[13] 345 Phil. 1141 (1997).

[14] Sections 101 to 108, Chapter 5 of PD 1445 provide:

CHAPTER 5

Accountability and Responsibility for Government Funds and Property

SECTION 101. Accountable officers; bond requirement. – (1) Every officer of any government agency whose duties permit or require the possession or custody of government funds or property shall be accountable therefor and for the safekeeping thereof in conformity with law.

(2) Every accountable officer shall be properly bonded in accordance with law.

SECTION 102. Primary and secondary responsibility. – (1) The head of any agency of the government is immediately and primarily responsible for all government funds and property pertaining to his agency.

(2) Persons entrusted with the possession or custody of the funds or property under the agency head shall be immediately responsible to him, without prejudice to the liability of either party to the government.

SECTION 103. General liability for unlawful expenditures. – Expenditures of government funds or uses of government property in violation of law or regulations shall be a personal liability of the official or employee found to be directly responsible therefor.

SECTION 104. Records and reports required by primarily responsible officers. – The head of any agency or instrumentality of the national government or any government-owned or controlled corporation and any other self-governing board or commission of the government shall exercise the diligence of a good father of a family in supervising accountable officers under his control to prevent the incurrence of loss of government funds or property, otherwise he shall be jointly and solidarily liable with the person primarily accountable therefore. The treasurer of the local government unit shall likewise exercise the same degree of supervision over accountable officers under his supervision otherwise, he shall be jointly and solidarily liable with them for the loss of government funds or property under their control.

SECTION 105. Measure of liability of accountable officers. – (1) Every officer accountable for government

property shall be liable for its money value in case of improper or unauthorized use or misapplication thereof, by himself or any person for whose acts he may be responsible. He shall likewise be liable for all losses, damages, or deterioration occasioned by negligence in the keeping or use of the property, whether or not it be at the time in his actual custody.

(2) Every officer accountable for government funds shall be liable for all losses resulting from the unlawful deposit, use, or application thereof and for all losses attributable to negligence in the keeping of the funds.

SECTION 106. Liability for acts done by direction of superior officer. – No accountable officer shall be relieved from liability by reason of his having acted under the direction of a superior officer in paying out, applying, or disposing of the funds or property with which he is chargeable, unless prior to that act, he notified the superior officer in writing of the illegality of the payment, application, or disposition. The officer directing any illegal payment or disposition of the funds or property shall be primarily liable for the loss, while the accountable officer who fails to serve the required notice shall be secondarily liable.

SECTION 107. Time and mode of rendering account. – In the absence of specific provision of law, all accountable officers shall render their accounts, submit their vouchers, and make deposits of money collected or held by them at such times and in such manner as shall be prescribed in the regulations of the Commission.

SECTION 108. Prohibition against pecuniary interest. – No accountable or responsible officer shall be pecuniary interested, directly or indirectly, in any contract or transaction of the agency in which he is such an officer. (Emphasis supplied)

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