

MALACAÑANG
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 306

**IMPOSING THE PENALTY OF DISMISSAL FROM THE SERVICE OF
PROVINCIAL TREASURER OF LANAO DEL SUR HADJI MACMOD
DALIDIG WITH FORFEITURE OF ALL BENEFITS UNDER THE LAW**

This administrative case was initiated at the Presidential Commission Against Graft and Corruption (the Commission, for brevity) through a complaint filed by a certain Datu Halil Alawi of Banggolo, Marawi City, attaching thereto a copy of Special Audit Report of the Commission on Audit (COA) Central Office, Quezon City, docketed as SAO Report No. 93-03 dated January 28, 1994. Said report evaluates the utilization of the 1991 ARMM Seed Money directly released to the Provincial Government of Lanao del Sur.

The complaint cites the following officials of Lanao del Sur as respondents: Hadji Macmod Dalidig, Provincial Treasurer; Engr. Sebanah D. Tomawis, Provincial Engineer; and Engr. Bocali Balt, Assistant Provincial Engineer. They are charged with dishonesty, grave misconduct and conduct prejudicial to the best interest of the service for their failure to account for government funds amounting to ₱83,300,802.55. Among the respondents, however, Mr. Dalidig is the lone presidential appointee, he having been designated Acting Provincial Treasurer of Lanao del Sur on January 31, 1985 by then President Ferdinand E. Marcos and his counsel having confirmed Mr. Dalidig's retention as Provincial Treasurer of Lanao del Sur in his Manifestation and Motion received by this Commission on February 9, 1996. Absent his showing of a new appointment by the Minister of Finance, he is deemed to be a presidential appointee.

Thus, only Mr. Dalidig was required to file his counter-affidavit to respond to the following specific findings in SAO Report No. 93-03:

- 1) Massive withdrawals of ARMM Seed Money prior to the 1992 National Election as evidenced by the total withdrawal of ₱87.569 M or 89% of the total allotment for the four-month period from February to May 1992;
- 2) Of the 294 projects inspected, 213 projects worth ₱49.54 M were not implemented at all while 73 were still incomplete. Out of the 213 projects found not implemented, 163 projects were paid a total of ₱22,938,791.35 while the eight (8) completed projects and seventy three (73) incomplete projects

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valued only at ₱9,039,197.45 were likewise paid for ₱20,912,486.37. As a result of the non-completion/non-implementation of the projects, unaccounted funds amounted to ₱83,300,802.55;

- 3) At least eight (8) contractors were awarded 12 to 56 projects at a time. The percentage of accomplishment in all the projects handled by a contractor was the same at a specific point in time which is highly improbable considering the distance and accessibility of project locations;
- 4) Information contained in the supporting documents of 28 contracts worth ₱12 M are conflicting wherein items of work involved, quantity and unit cost of approved agency estimate varies from first billing to succeeding billings. Likewise, claims amounting to ₱4 M were not supported with the required documents;
- 5) Purchase of road materials from a single supplier amounting to ₱7,528,750.00 for the repair/improvement of various provincial roads was doubtful. Two (2) modes of documentation supporting payments were used, thus, the possibility of double payment is not remote. The first, comprising 37.31% of total purchases or ₱2,808,750.00 were supported with statement of work accomplished (SWA) while other payments for the remaining ₱4,720,000.00 were supported with delivery receipts, charge invoices and purchase orders.
- 6) A 50% mobilization fee totaling ₱807,500.00 was granted to a single contractor in the construction of 21 multi-purpose buildings, 5 solar dryers, 1 wharf and 2 deepwells instead of the maximum 15% allowed by law. In addition, mobilization fee of 10% amounting to ₱60,000.00 was granted without specifying the name of the projects for which advance payment was granted.
- 7) Various disbursements amounting to ₱1,883,265.19 were not supported by the required documents in violation of Sec. 4, PD 1445.

On February 13, 1995, respondent Dalidig, thru counsel, filed a Motion to Suspend Proceedings on the ground that SAO Audit Report Nos. 93-03 and 93-06 (Review of the findings in 93-03) which are the bases of the

complaint are still on appeal with the COA *en banc*. Respondent reasoned out that the appeal suspends the effects of said SAO reports and these not being final and executory, cannot be the legal bases for the administrative investigation of Datu Alawi's complaint.

In its Order of February 17, 1995, the Commission denied respondent Dalidig's Motion to Suspend Proceedings on the ground that the administrative proceedings conducted by it are independent and separate from the appeal to the COA *en banc*.

In his counter-affidavit submitted to the Commission on March 15, 1995, respondent alleged the following:

- 1) That he was assailing not only the accuracy and trustworthiness of the factual findings in SAO Reports Nos. 93-03 and 93-06 but also the arbitrariness that attended the conduct of the audit;
- 2) That the projects were previously inspected and evaluated by a COA Team pursuant to a directive of then COA Chairman Eufemio Domingo and the team concluded that "our inspection of the 31 projects as pinpointed to us revealed that all of them were indeed implemented. Most of them were already completed except for four (4) projects which are still on-going construction.";
- 3) That a second COA team composed of six (6) members was created under COA Assignment Order Nos. 92-1550 and 92-1990-A but none of them actually conducted the inspection;
- 4) That the actual inspection of the projects was undertaken by the COA Regional Office at Region XII headed by Regional Director Rasul Mitmug who at that time was already harboring ill-feelings against Ex-Governor Saidamen Pangarungan due to political reasons;
- 5) That without any representative from respondent Dalidig and other respondents, the Mitmug-led COA team made inspections accompanied by political adversaries of Gov. Pangarungan who pointed to wrong projects sites and which action became the basis for the sweeping reports that so many projects were not implemented at all;
- 6) That he and his co-respondents requested for a reinspection and reaudit of the same projects which then Chairman Parcasio Banaria granted with the directive that the reinspection team

allow representatives of the incumbent Provincial Governor, the Regional Secretary of the DPWH, Mr. Dalidig and the other respondents to join the project site inspections;

- 7) That the reinspection team headed by Mr. Jaime Naranjo of COA-SAO and Dir. Mitmug covered only 72 projects in 12 towns out of 350 projects located in 37 municipalities;
- 8) That in the preparation of the report of the reinspection team, the non-COA representatives were never consulted nor notified by the team and no prior deliberation among all members was held; and
- 9) That despite the strong objections of respondents, the reinspection report was finalized by the Mitmug-Naranjo team and was adopted in SAO Report No. 93-06.

Respondent insists that his only participation in the disbursement of the subject 1991 ARMM Seed Money was signing the covering disbursement vouchers certifying to the following: (a) the availability of funds; (b) the proper certification of the expenditure; (c) submission of supporting documents appearing legal and proper; and (d) use of proper account codes.

To bolster his claim of regularity of the transactions, respondent attached to his Counter-Affidavit, supra, more than three hundred (300) different disbursement vouchers (pp. 296-663 of case records) covering the numerous transactions involving the 1991 ARMM Seed Money. In support thereof, he also attached approximately sixty (60) various Statements of Work Accomplished (SWA). No other supporting documents were submitted.

In his Supplemental Affidavit, dated November 17, 1995, (pp. 218-223 of case records) respondent claims that after a voucher is signed or passed in audit by the Provincial Auditor concerned, the supporting documents thereof are detached and retained by the Provincial Auditor's Office and only the approved original copy of the voucher is returned to the Office of the Provincial Treasurer for issuance of the corresponding check by the Provincial Cashier. Respondent further claims that the supporting documents which were retained by the Provincial Auditor's Office were submitted to the Special Audit Team together with the vouchers. In support thereof respondent submitted the affidavit of Usman Salic of the Provincial Auditor's Office of Lanao del Sur (p. 196 of case records).

Respondent asserts that after having served the government for many years as an accountable officer, he did not think it necessary to keep xeroxed copies of the supporting documents for all the disbursement

vouchers his office had processed. His stint as Municipal Treasurer, Chief Property Custodian, Assistant Provincial Treasurer of Lanao del Sur, OIC-City Treasurer's Office of Marawi City and OIC-City Treasurer's Office of Iligan City surely have prepared him for this gigantic task of disbursing the tremendous amount of money intended for the improvement and upliftment of his people in Lanao del Sur.

In an attempt to justify his position, respondent defends his approval of the various disbursement vouchers by stating that the said documents were pre-audited, meaning that payment of the vouchers were effected only after these were approved for payment by the Provincial Auditor.

The incontrovertible fact, however, is that the disbursement vouchers were signed only by the Provincial Auditor after the first five (5) boxes thereon were signed by the proper signatories including respondent himself, as the fourth signatory. It is important to state that the Provincial Treasurer is the first official among the five signatories tasked with the responsibility of reviewing the supporting documents to a particular disbursement voucher to ensure that these are legal and proper. That responsibility includes the duty to ensure that said supporting documents are complete.

In any case, in his above-mentioned supplemental affidavit, respondent enumerated the supporting documents required for specific transactions and which, when lacking, would render the transaction not ready for payment, viz:

a. For negotiated contracts:

1. Authority to enter into negotiated contract issued by Office of ARMM Regional Governor
2. Contract of agreement or MOA between either Provincial Government of Lanao del Sur or Municipality concerned and contractors
3. Plans and specifications
4. Program of work and detailed cost estimate
5. Notice to commence work/project
6. Inspection Report
7. Statement of Work Accomplished (SWA)/accomplishment report



8. Certificate of Completion and Final Acceptance of Project
 9. Other requirements.
- b. For purchases of road and bridge materials:
1. Purchase request
 2. Sealed Canvass/Bid
 3. Abstract of Canvass/Bid
 4. Purchase Order
 5. Original Invoice
 6. Delivery Receipts
 7. Inspection Report
 8. Award of Canvass/Bid

At the hearing of July 17, 1995, the COA auditors presented voluminous documents and pictures which served as the bases for the SAO Reports. Respondent, thru counsel, cross-examined Ms. Heidi Mendoza, team leader of the second Special Audit team, and Ms. Priscilla Cruz, COA Auditor, on said documents.

Upon a detailed scrutiny of the said supporting documents (vouchers), the Commission discovered that the same were insufficient. As correctly reported by the COA Auditors, the various disbursement vouchers were supported by incomplete documents and there were disbursement vouchers allowing 25-50% mobilization fee or beyond the 15% allowed by PD 1594 and COA rules.

To cite a few, the following confirm the findings in SAO Report No. 93-03:

A. INSUFFICIENT/INCOMPLETE SUPPORTING DOCUMENTS

1. Voucher No. 21192040259 (p. 545 of COA Findings: Folder 4)
 Amount : P285,000
 Supplier/Project: LIEN ENTERPRISES: road materials for
 MAGUING PROVINCIAL ROAD
 Supporting Documents Per COA-SAO Report:
 1. Abstract of Canvass



2. Official Receipt
 3. Bid
2. Voucher No. 2119202050 (p. 442 of COA Findings: Folder 4)
 Amount : P70,000
 Supplier/Project: LIEN ENTERPRISES: road materials for
 GANASSI PROVINCIAL ROAD
 Supporting Documents Per COA-SAO Report:
 1. Official Receipt
 2. Charge Invoice
 3. Purchase Request
 4. Authority to enter into negotiated contract issued by Office of
 ARMM Regional Governor
 5. Purchase Order
 6. Abstract of Bid
 3. Voucher No. 21192040256 (p. 434 of COA Findings: Folder 4)
 Amount : P166,250
 Supplier/Project: LIEN ENTERPRISES: road materials for
 GANASSI PROVINCIAL ROAD
 Supporting Documents Per COA-SAO Report:
 1. Official Receipt
 2. Bid
 3. Abstract of Bid
 4. Statement of Work Accomplished
 4. Voucher No. 21192040263 (p. 114-A of COA Findings: Folder 7)
 Amount : P312,830
 Supplier/Project: AL-MEDINA GASOLINE: payment of diesoline for
 equipment assigned to concreting of Circumferential Road at
 BUADI-PUSO, BUNTONG
 Supporting Documents - NONE
 5. Voucher No. 21192040262 (p. 113 of COA Findings: Folder 7)
 Amount : P962,111.19
 Supplier/Project: BMA Construction and Supply: 8,139 bags of
 cement for BUADI-PUSO, BUNTONG
 Supporting Documents:
 1. Official Receipt

B. VIOLATIONS OF ALLOWABLE MOBILIZATION FEE

1. Voucher No. 2119203098 (Exh. "257" of respondent, p. 411 of
 Records)

Amount : P23,750

Supplier/Project: NB Square Construction:
Construction of Solar Dryer at Calalanoan,
Calanagos, Lanao del Sur

Violations : 50% mobilization fee beyond maximum limit allowed
by PD 1594 and COA rules;
: no supporting documents

2. Voucher No. 2119203096 (Exh. "258" of respondent, p. 410 of
Records)

Amount : P33,250

Supplier/Project: NB Square Construction:
Construction of Deep Well at Ingud, Balindong
Lanao del Sur

Violations : 50% mobilization fee beyond maximum limit allowed
by PD 1594 and COA rules;
: no supporting documents

3. Voucher No. 2119203081 (Exh. "259" of respondent, p. 409 of
Records)

Amount : P23,750

Supplier/Project: NB Square Construction:
Construction of Solar Dryer at Dilnusan,
Lumbatan, Lanao del Sur

Violations : 50% mobilization fee beyond maximum limit allowed
by PD 1594 and COA rules;
: no supporting documents

4. Voucher No. 2119203091 (Exh. "262" of respondent, p. 406 of
Records)

Amount : P47,500

Supplier/Project: NB Square Construction:
Construction of Multi-Purpose Building,

Violations : 25% mobilization fee beyond maximum limit allowed
by PD 1594 and COA rules;
: no supporting documents

Respondent never submitted any supporting document for the disbursement vouchers he presented as part of his exhibits. His supplemental affidavit and memorandum mention that pictures were taken by the first Inspection Team to prove actual inspection of the project sites.

However, those pictures were not submitted to refute the evidence of non-implementation as recorded by the pictures taken by the Second Special Audit Team. Obviously, his claim that the supporting documents were retained by the Provincial Auditor cannot negate the actual state of the disbursement vouchers as submitted by the COA Auditors which were mostly incomplete.

Section 189 of the Revised Manual of Instructions to Treasurers describes the treasurer as the officer primarily accountable for government funds and property. As such, he is by law authorized to make such necessary steps to require any person responsible to him for such funds and property to keep proper records and to make corresponding reports for his information and protection. His better judgment should have forewarned him to keep copies of the supporting documents on file for his protection.

Respondent explains that one of his office personnel examines and processes the voucher and supporting documents to find out if they are legal and proper and that if they appear to be legal and proper, he signs the same. Suffice to state, however, that as such Provincial Treasurer it was still his principal duty to see to it that the supporting documents were complete. A preliminary inventory of the number of documents attached to each disbursement voucher would have immediately warned him that these were incomplete and insufficient.

We are not unmindful of the fact that recent jurisprudence have allowed heads of offices to rely to a reasonable extent on their subordinates. However, it bears stress that the purpose of requiring responsible administrative officials to approve vouchers for payment is to enable them to know and scrutinize all the transactions or disbursements of funds under their supervision and responsibility. Otherwise, they would become mere rubber stamps. Section 184 of the Revised Manual of Instructions to Treasurers thus provides:

“It is expected that when an administrative officer approves an account for payment, he is satisfied that it is correct and just and that he approves the payment as he would if he himself were to pay it from his personal funds.”

Respondent also assails the conduct by which the second inspection and reinspection were undertaken and the resultant findings. The Second Audit Team, in its Rejoinder under the second finding (pp. 154 and 155 of case records) correctly pointed out that none of the First Audit Team was technically qualified to evaluate the project per plans and specifications as not even one of them was an engineer. It was also noted that “the only document attached to the narrative report of the Region X team (First Audit Team) were the pictures taken. No technical report was included certifying

that the thirty-one (31) projects were 100% completed in accordance with plans specifications”.

To explain the non-inclusion of the representatives of the other government agencies the Reinspection Team in its SAO Report No. 93-06 narrates, thus:

“Representatives of the National Bureau of Investigation (NBI), the DPWH-ARMM, the Provincial Government of Lanao del Sur and that of Former Governor Pangarungan were also invited to join the inspection team. However, representatives of the NBI were not able to show up and failed to join the reinspection while the representatives of the DPWH-ARMM only came three days before the period authorized for the reinspection was to expire. Nonetheless, the composite team proceeded with the re-inspection, with the representatives of the Provincial Government of Lanao del Sur and that of Former Governor Pangarungan acting as guide, in the person of Engineers Bocali B. Balt and Sabanah Tomawis x x x”

Respondent proffers the position that as Provincial Treasurer, he is not under obligation to directly attend to the inspection of the construction of the projects and, more particularly, in the ascertainment of whether or not the projects were prosecuted in accordance with the specifications in the contract.

In COA Decision No. 1201, the Commission on Audit denied the request of Mr. Henry Rañola, former Provincial Treasurer of Camarines Sur, for exclusion from liability on audit disallowance for two (2) disbursement vouchers signed by said Mr. Rañola. In its 4th Indorsement dated January 10, 1992 the commission held:

“After a careful evaluation hereof, this Commission believes and so holds that Mr. Rañola cannot be exculpated from liability under both vouchers. As signatory to Box No. 4 on Voucher Nos. 327 and 216, *he assumed direct responsibility for the payment of said vouchers x x x* (Underscoring supplied)

It is important to state that the 1991 ARMM Seed Money, subject of this investigation, was earned with the blood of both our Christian and Muslim brothers. This was no ordinary appropriation by government. Its release indicated the triumph of innumerable dialogues between government and the Muslim rebels which were repeatedly and painfully marked by bloody encounters between both sides. This signified a great opportunity for the improvement of the lives of our Muslim brothers in Mindanao.

IN VIEW OF THE FOREGOING, and as recommended by the Presidential Commission Against Graft and Corruption, respondent Hadji Macmod Dalidig is hereby found guilty of dishonesty resulting into grave misconduct prejudicial to the best interest of the service. Accordingly, he is hereby **DISMISSED** from the service with forfeiture of all benefits under the law effective upon his receipt of a copy hereof.

SO ORDERED.

DONE in the City of Manila, this 5th day of December in the year of Our Lord, Nineteen Hundred and Ninety-Six.

By the President:



RUBEN D. TORRES
Executive Secretary

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