Republic of the Philippines
Supreme Court
Manila

EN BANC

ATTY. RENE C. VILLA,
Petitioner,

- versus -

COMMISSION ON AUDIT,
Respondent.

G.R. No. 262500

Present:

GESMUNDO, *C.J.*, Chairperson,
LEONEN,
CAGUIOA,
HERNANDO,*
LAZARO-JAVIER,
INTING,**
ZALAMEDA,
LOPEZ, M.
GAERLAN,***
ROSARIO,***
LOPEZ, J.*
DIMAAMPAO,
MARQUEZ,***
KHO, JR., and
SINGH,**** *JJ.*

Promulgated:

May 20, 2025

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D E C I S I O N

KHO, JR., *J.*:

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* On official business.
** Concurring and on official business.
*** On official leave.
*** On official leave.
* On official business.
*** On official leave.
**** On leave.

Before this Court is a Petition for *Certiorari*[1] under Rule 64 in relation to Rule 65 of the Rules of Court assailing Decision[2] No. 2017-272 dated September 6, 2017 and the Resolution[3] dated December 23, 2021 of the Commission on Audit (COA) Commission Proper (COA Proper) which denied the Motion for Reconsideration[4] (MR) of petitioner Atty. Rene C. Villa (Villa) for lack of merit.

The Facts

The instant case stemmed from the payment of Medical/Health Care Allowance (MHCA) to the officials and employees of the Department of Agrarian Reform (DAR) for the period of December 2001 to May 2005 in the total amount of PHP 70,301,385.00. The disbursement of the MHCA was based on the collective negotiation agreement (CNA) entered into between DAR and the DAR Employees Foundation, Inc. In this relation, the funding of the MHCA was charged to the Agrarian Reform Fund (ARF) or the Comprehensive Agrarian Reform Program (CARP) Fund.[5]

On post-audit, the audit team leader and the supervising auditor of the COA assigned to DAR issued Notice of Disallowance (ND) Nos. 10-001-158(01) to 10-012-158(15) all dated May 12, 2010, disallowing the payments of the MHCA for violations of Section 9 of Presidential Decree No. 477[6] requiring that trust funds shall only be available for the specific purpose for which it was created and Section 4(3) of Presidential Decree No. 1445.[7] In particular, the NDs stated that the ARF was instituted as a special fund under Proclamation No. 131;[8] and as prescribed by Executive Order No. 229[9] and Republic Act No. 6657,[10] the ARF shall only be used: (1) for the payment of the purchase price of lands to owners in the CARP; and (2) for the expenses involved in the implementation of support services. Considering that the MHCA was outside the purposes of the ARF, the payment of the MHCA was considered illegal/irregular. Among the persons held liable in the NDs is petitioner, then DAR Secretary, who was a signatory of the CNA.[11]

Consequently, the other approving/certifying officers, particularly Teresita L. Panlilio (Panlilio) and Violeta M. Bonilla (Bonilla), representing the other DAR officers and employees, appealed before the COA Cluster Director (CD) which was, however, denied under NGS-Cluster 8 Decision No. 2013-01 dated

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1 *Rollo*, pp. 4–41.
2 *Id.* at 42–55. The COA Decision was penned by Chairperson Michael G. Aguinaldo and Commissioners Jose A. Fabia and Isabel D. Agito.
3 *Id.* at 56–65. The COA Resolution was penned by Chairperson Michael G. Aguinaldo and Commissioner Roland C. Pondoc.
4 *Id.* at 67–83.
5 *Id.* at 42–43.
6 The Decree on Local Fiscal Administration (1974).
7 Government Auditing Code of the Philippines (1978).
8 Instituting a Comprehensive Agrarian Reform Program (1987).
9 Providing the Mechanisms for the Implementation of the Comprehensive Agrarian Reform Program (1987).
10 An Act Instituting a Comprehensive Agrarian Reform Program to Promote Social Justice and Industrialization, Providing the Mechanism for its Implementation, and for Other Purposes (1988).
11 *Rollo*, p. 44.

May 23, 2013. Aggrieved, Panlilio and Bonilla appealed the COA CD Decision before the COA Proper.[12]

The COA Proper Ruling

In a Decision[13] dated September 6, 2017, the COA Proper denied Panlilio and Bonilla's appeal. In so ruling, the COA Proper held that the ARF, as a special fund, should only be obligated for the purpose for which it was created, i.e., the payment of compensation to landowners and expenses involved in the implementation of support services. In this relation, it held that the grant of MHCA from the ARF cannot find reliance on the alleged authorization of the president because the same is still subject to pertinent existing laws, rules, and regulations. Aside from the violations of Presidential Decree No. 447 and Presidential Decree No. 1445, the COA Proper likewise held that the grant was in violation of (a) Article XI-B of the 1987 Constitution which prohibits the grant of additional or double compensation and (b) COA Resolution No. 2005-001 which prohibits the securing of health insurance benefits other than those provided by the Philippine Health Insurance Corporation. Moreover, it held that the MHCA is already deemed included in the standardized salary rates of DAR employees pursuant to Republic Act No. 6758 or the Salary Standardization Law. Finally, the MHCA is considered as a non-negotiable item that is not presently provided by the law, and thus requires the appropriation of public funds.[14]

Despite finding the approving/certifying officers liable for the return of the disallowed amounts, the COA Proper however absolved the passive payee recipients citing *Silang v. Commission on Audit*.[15]

On October 24, 2017, Villa received a copy of the Decision of the COA Proper and moved for reconsideration. In his MR, he averred the following: (a) his right to procedural process was violated because he was not furnished copies of the NDs; (b) his participation was only limited to the signing of the CNA and not the release of the MHCA; (c) he did not approve the payments of the MHCA mentioned in the NDs; and (d) the opinion of the Department of Budget and Management Secretary and authorization of the president on the propriety of sourcing the funds from the ARF are sufficient bases of good faith.[16]

In a Resolution[17] dated December 23, 2021, the COA Proper denied Villa's MR for lack of merit. With regard to the allegation of Villa's right to due process being violated, the COA Proper held that his right was not violated considering that he was allowed to file the present MR and raise his defenses on the merits of the case. With regard to his participation in the disbursement of the MHCA, the COA Proper ruled that "although he has no direct participation in the approval of, and the actual disbursement of the medical allowance, the CNA, which he

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[12] *Id.* at 42–45.
[13] *Id.* at 42–55.
[14] *Id.* at 47–51.
[15] *Id.* at 52–53.
[16] *Id.* at 67–83.
[17] *Id.* at 56–65.

signed, was the basis for the payment of the medical allowance." Nonetheless, the COA Proper modified Villa's liability by limiting it to the payments based from the CNA that he had signed during his tenure of office. Finally, pursuant to *Madera v. Commission on Audit*,[18] the COA Proper reversed itself and required the payees to refund the amounts they received.[19]

Not satisfied, Villa filed the present Petition[20] reiterating his arguments before the COA Proper.

The Issue Before the Court

The issue for the Court's resolution is whether the COA Proper gravely abused its discretion in holding Villa solidarily liable for the payments of the MHCA. Villa argues that: (a) the 30-day reglementary period to file a Petition for *Certiorari* under Rule 64 be relaxed; (b) he was denied due process because he was not notified of the NDs and was unable to participate in the COA proceedings; (c) holding him solidarily liable while requiring the payees to return the disallowed amount would be tantamount to double recovery; (d) he acted in good faith in signing the CNA and did not have a hand in the approval of the grant of MHCA; and (e) the grant of MCHA is essential and incidental to the implementation of the agrarian reform program.[21]

In its Comment,[22] the COA, as represented by the Office of the Solicitor General, argues that it did not commit grave abuse of discretion. Preliminarily, it argued that the present Petition should be dismissed outright for having been filed out of time. On the merits, it argues that: (a) Villa was not denied due process because he was afforded the opportunity to explain his side on the merits; (b) Villa was correctly held solidarily liable for the payment of the MHCA because affixing his signature to the CNA is a manifestation of his approval of the terms of the grant of the MHCA despite not having direct participation thereto; and (c) there is no double recovery of the disallowed amount.[23]

The Court's Ruling

The Petition is partly meritorious.

Timeliness of the Petition; Exceptions

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[18] 882 Phil. 744 (2020) [Per J. Caguioa, *En Banc*].
[19] *Rollo*, pp. 56–64.
[20] *Id.* at 4–41.
[21] *Id.* at 19–34.
[22] *Id.* at 124–144.
[23] *Id.* at 128–140.

Preliminarily, the Court addresses the timeliness of the present Petition filed before this Court. In his Petition, petitioner prays for the relaxation of the 30-day reglementary period provided under Rule 64 of the Rules of Court.

Rule 64, Section 3 of the Rules of Court provides:

> Section 3. *Time to file petition.* — The petition shall be filed within thirty (30) days from notice of the judgment or final order or resolution sought to be reviewed. The filing of a motion for new trial or reconsideration of said judgment or final order or resolution, if allowed under the procedural rules of the Commission concerned, shall interrupt the period herein fixed. If the motion is denied, the aggrieved party may file the petition within the remaining period, but which shall not be less than five (5) days in any event, reckoned from notice of denial.

A review of the records shows that the COA Proper's Decision was promulgated on September 6, 2017 and was received by petitioner on October 24, 2017. However, on November 6, 2017, petitioner moved for an additional period of 15 days to file the MR which was filed on November 21, 2017—within the 30-day period allowed by the COA Rules of Procedure. On the other hand, the COA Proper's Resolution was received by petitioner on June 21, 2022. Considering that the MR was filed on November 21, 2017, petitioner only had 5 days from June 21, 2022 or until June 26, 2022 to file the Petition. Here, the Petition is belatedly filed on July 8, 2022 or 13 days beyond the allowable reglementary period.[24]

Nonetheless, the Court in *Madera* has held the observance of procedural rules may be relaxed when the substantial merits of a case warrants the review of the COA Proper's Decision and Resolution by the Court, as in this case and as will be explained below.[25]

Petitioner's Right to Due Process was not violated

Petitioner argues that his right to due process was denied because he was unable to be furnished with the NDs. To support his argument, he cites the case of *Barosso v. Commission on Audit*,[26] which held that "the mere filing of a motion for reconsideration does not cure due process defects, especially if the said motion was filed precisely to raise the issue of violation of the right to due process and the lack of opportunity to be heard on the merits."[27]

Due process in administrative proceedings is understood as "the opportunity to explain one's side or the opportunity to seek a reconsideration of the action or ruling complained of. In the application of the guarantee of due process, indeed, what is sought to be safeguarded is not the lack of previous

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[24] *Id.* at 7–8.
[25] *Madera v. Commission on Audit*, 882 Phil. 744, 782–783(2020) [Per J. Caguioa, *En Banc*].
[26] 900 Phil. 604 (2021) [Per J. Lazaro-Javier, *En Banc*].
[27] *Rollo*, pp. 612–613.

notice but the denial of the opportunity to be heard. As long as the party was afforded the opportunity to defend his interests in due course, he was not denied due process."[28]

In *Barosso*, the Court held that petitioner therein never had the opportunity to thoroughly argue the merits of his case precisely because he was not properly informed of what he was supposed to argue against, i.e., the accusations and statements against him in Mag-abo's submissions. Thus, petitioner therein was constrained to limit the discussion in his motion for reconsideration to the issue of due process.[29]

On the other hand, the Court, in *Mendoza v. Commission on Audit*,[30] held that therein petitioner's right to due process was not violated despite not having personally received the subject notice of disallowance considering that he was able to file a motion for reconsideration against the disallowance and the fact that the COA gave due course to the same and ruled on the merits. The Court found the foregoing circumstances enabled petitioner therein to explain his side and seek a reconsideration of the ruling he assails, which is the "essence of administrative due process."[31]

Here, the Court finds that petitioner's right to due process was not violated because the Court's ruling in *Mendoza* has been satisfied in this case. In contrast to *Barosso*, petitioner's right to due process was not violated because a perusal of his MR before the COA Proper would show that petitioner was able to argue on the merits of the Decision aside from his allegation anent the violation of his right to due process. Moreover, the COA Proper Resolution likewise considered petitioner's defenses in upholding its Decision. Thus, the Court finds that petitioner's reliance in *Barosso* is misplaced.

The Disallowance of the MHCA is proper; However, petitioner is absolved from solidary liability

It is well settled that the COA is constitutionally empowered to exercise its general auditing power to determine, prevent, and disallow illegal, unnecessary, excessive, extravagant, or unconscionable expenditures of government funds.[32] This power is "among the constitutional mechanisms that [give] life to the check and balance system inherit in our form of government."[33] The COA has a wide latitude of power to rule on the legality of the disbursement of government funds in accordance with Article IX(D), Section 2 of the 1987 Constitution, viz.:

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[28] *Development Bank of the Philippines v. Commission on Audit*, 808 Phil. 1001, 1015 (2017) [Per J. Bersamin, *En Banc*], *citing Mendoza v. Commission on Audit*, 717 Phil. 491, 503 (2013) [Per J. Leonen, *En Banc*].

[29] *Barroso v. Commission on Audit*, 900 Phil. 604, 615 (2021) [Per J. Lazaro-Javier, *En Banc*].

[30] 717 Phil. 491 (2013) [Per J. Leonen, *En Banc*].

[31] *Id.* at 503.

[32] *Small Business Corporation v. Commission on Audit*, 900 Phil. 551, 561 (2021) [Per J. Perlas-Bernabe, *En Banc*].

[33] *Delos Santos v. Commission on Audit*, 716 Phil. 322, 332 (2013) [Per J. Perlas-Bernabe, *En Banc*].

> Section 2. (1) 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 or controlled corporations with original charters*, and on a post-audit basis: (a) constitutional bodies, commissions and offices that have been granted fiscal autonomy under this Constitution; (b) autonomous state colleges and universities; (c) other government-owned or controlled corporations and their subsidiaries; and (d) such nongovernmental 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. . . . (Emphasis supplied)

In this relation, the Court has generally sustained the COA's decisions or resolutions in deference to its expertise in the implementation of the laws it has been entrusted to enforce.[34] It is only when the COA has clearly acted without or in excess of jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction that the Court may exercise its juridical power to correct its decisions or resolutions.[35]

Here, the Court finds that the COA Proper did not gravely abuse its discretion in affirming the propriety of the disallowance relative to the grant of MHCA to the officials and employees of DAR.

The propriety of disallowing CNA incentives sourced from the ARF has long been settled by the Court in the case of *Dubongco v. Commission on Audit*.[36] In *Dubongco*, the Court held that CNA incentives released from the CARP Fund or ARF was improper because the same may only be sourced from the savings of an agency's operating expenses pursuant to Public Sector Labor Management Council Resolution No. 4, Series of 2002.[37]

Moreover, the Court further explained that using the ARF as a source of CNA incentives is illegal pursuant to Sections 20[38] and 21[39] of EO No. 229 and

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[34] *Miralles v. Commission on Audit*, 818 Phil. 380, 389 (2017) [Per J. Bersamin, *En Banc*].

[35] *Phil Health Insurance Corporation v. Commission on Audit*, 837 Phil. 90, 107 (2018) [Per J. Tijam, *En Banc*]. (Citation omitted)

[36] 848 Phil. 367, (2019) [Per J. Reyes, J. Jr., *En Banc*].

[37] *Id.* at 383.

[38] Executive Order No. 229 (1987), sec. 20 reads:

> Agrarian Reform Fund. As provided in Proclamation No. 131 dated July 22, 1987, a special fund is created, known as The Agrarian Reform Fund, an initial amount of FIFTY BILLION PESOS ([PHP] 50 billion) to cover the estimated cost of the CARP from 1987 to 1992 which shall be sourced from the receipts of the sale of the assets of the Asset Privatization Trust (APT) and receipts of sale of ill-gotten wealth recovered through the Presidential Commission on Good Government and such other sources as government may deem appropriate. The amount collected and accruing to this special fund shall be considered automatically appropriated for the purpose authorized in this Order.

[39] Executive Order No. 229 (1987), sec. 21 reads:

> Supplemental Appropriations. The amount of TWO BILLION SEVEN HUNDRED MILLION PESOS ([PHP] 2.7 billion) is hereby appropriated to cover the supplemental requirements of the CARP for 1987, to be sourced from the receipts of the sale of ill-gotten wealth recovered through the Presidential Commission on Good Government and the proceeds from the sale of assets by the APT. The amount collected from these

Section 63 of Republic Act No. 6657. Citing *Confederation of Coconut Farmers Organizations of the Philippines, Inc. v. Aquino III*,[40] the Court in *Dubongco* explained that the revenue collected for the ARF shall only be used exclusively for the implementation of the CARP. It explained that the CNA incentive and ARF serve two different purposes, to wit:

> While the Court recognizes the employees' indispensable part in the implementation of agrarian reforms, it cannot legally uphold the grant of incentives financed by the wrong source for to do so would lead to an abhorrent situation wherein the sources of funds for bonuses or incentives depend upon the whims and caprice of superior officials in blatant disregard of the laws which they are supposed to implement. In addition, it must be emphasized that the primary purpose of the CNA Incentive is to recognize the joint efforts of labor and management in the achievement of planned targets, programs and services at lesser cost. On the other hand, the CARP Fund is intended to support the State's policy of social justice which includes the adoption of "an agrarian reform program founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof." The two serve very different purposes. The CNA Incentive is conditional as it is made to depend upon the availability of savings from operating expenses; whereas, the CARP Fund is derived from multiple sources of funding to ensure continued implementation of the agrarian reform program. In fact, the legislature deemed it proper to specifically state that "all funds appropriated to implement the provisions of [Republic Act No. 6657] shall be considered continuing appropriations during the period of its implementation."[41] (Citation omitted)

The Court's ruling in *Dubongco* would later on be reiterated in the case of *Department of Agrarian Reform Employees Association (DAREA) v. Commission on Audit*.[42] In *DAREA*, the Court applied *Dubongco* and similarly upheld the disallowance of CNA incentives which were granted to DAR's officials and employees.

Here, it is undisputed that the grant of MHCA was similarly sourced from the ARF. Consistent with *Dubongco* and *DAREA*, the Court thus finds that the COA did not commit grave abuse of discretion in disallowing the grant of MHCA for being illegally sourced from the ARF contrary to Executive Order No. 229 and Republic Act No. 6657.

Having settled the issue regarding the propriety of the disallowance, it is necessary to determine the liability of the individuals directed to return the amounts pursuant to prevailing case law. Considering that only petitioner filed the present Petition, the Court shall limit the discussion of liability as to him.

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sources shall accrue to The Agrarian Reform Fund and shall likewise be considered automatically appropriated for the purpose authorized in this Order.

40 815 Phil. 1036 (2017) [Per J. Mendoza, *En Banc*].

41 *Dubongco v. Commission on Audit*, 848 Phil. 367, 381 (2019) [Per J. J. Reyes, Jr., *En Banc*].

42 889 Phil. 999 (2020) [Per J. Lopez, *En Banc*].

The prevailing guidelines on the determination of liability of persons made to return disallowed amounts arising from the disbursement of personnel incentives and benefits, in this case the MHCA, has been established in *Madera*. The rules on return in *Madera* are as follows:

> E. The Rules on Return
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> In view of the foregoing discussion, the Court pronounces:
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> 1. If a Notice of Disallowance is set aside by the Court, no return shall be required from any of the persons held liable therein.
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> 2. If a Notice of Disallowance is upheld, the rules on return are as follows:
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> a. Approving and certifying officers who acted in good faith, in regular performance of official functions, and with the diligence of a good father of the family are not civilly liable to return consistent with Section 38 of the Administrative Code of 1987.
> b. Approving and certifying officers who are clearly shown to have acted in bad faith, malice, or gross negligence are, pursuant to Section 43 of the Administrative Code of 1987, solidarily liable to return only the net disallowed amount which, as discussed herein, excludes amounts excused under the following sections 2c and 2d.
> c. Recipients — whether approving or certifying officers or mere passive recipients — are liable to return the disallowed amounts respectively received by them, unless they are able to show that the amounts they received were genuinely given in consideration of services rendered.
> d. The Court may likewise excuse the return of recipients based on undue prejudice, social justice considerations, and other *bona fide* exceptions as it may determine on a case to case basis.[43]

In *Abellanosa v. Commission on Audit*,[44] the Court elaborated on *Madera's* discussion on the nature of liability of approving and certifying officers, to wit:

> When a public officer is to be held civilly liable in his or her capacity as an approving/authorizing officer, the liability is to be viewed from the public accountability framework of the Administrative Code. This is because the civil liability is rooted on the errant performance of the public officer's official functions, particularly in terms of approving/authorizing the unlawful expenditure. As a general rule, a public officer has in [their] favor the presumption that [they have] regularly performed [their] official duties and functions. For this reason, Section 38(1), Chapter 9, Book I of the Administrative Code of 1987 requires a clear showing of bad faith, malice, or gross negligence attending the performance of such duties and functions to hold approving/authorizing officer civilly liable:
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> > Section 38. *Liability of Superior Officers*. — (1) A public officer shall not be civilly liable for acts done in the performance of his official duties, unless there is a clear showing of bad faith, malice or gross negligence.

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[43] *Madera v. Commission on Audit*, 882 Phil. 744, 817–818 (2020) [Per J. Caguioa, *En Banc*].
[44] 890 Phil. 413 (2020) [Per J. Perlas-Bernabe, *En Banc*].

> The need to first prove bad faith, malice, or gross negligence before holding a public officer civilly liable traces its roots to the State agency doctrine—a core concept in the law on public officers. From the perspective of administrative law, public officers are considered as agents of the State; and as such, acts done in the performance of their official functions are considered as acts of the State. In contrast, when a public officer acts negligently, or worse, in bad faith, the protective mantle of State immunity is lost as the officer is deemed to have acted outside the scope of his official functions; hence, he is treated to have acted in his personal capacity and necessarily, subject to liability on his own.
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> Once the existence of bad faith, malice, or gross negligence as contemplated under Section 38, Chapter 9, Book I of the Administrative Code of 1987 is clearly established, the liability of approving/authorizing officers to return disallowed amounts based on an unlawful expenditure is solidary together with all other persons taking part therein, as well as every person receiving such payment. This solidary liability is found in Section 43, Chapter 5, Book VI of the Administrative Code of 1987, which states:
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> > Section 43. *Liability for Illegal Expenditures.* — Every expenditure or obligation authorized or incurred in violation of the provisions of this Code or of the general and special provisions contained in the annual General or other Appropriations Act shall be void. Every payment made in violation of said provisions shall be illegal and every official or employee authorizing or making such payment, or taking part therein, and every person receiving such payment shall be jointly and severally liable to the Government for the full amount so paid or received.
>
> With respect to "every official or employee authorizing or making such payment" in bad faith, with malice, or gross negligence, the law justifies holding them solidarily liable for amounts they may or may not have received, considering that the payee-recipients would not have received the disallowed amounts if it were not for the officers' errant discharge of their official duties and functions.[45]

In this relation, Section 103 of Presidential Decree No. 1445 provides guidance in the determination of liability of approving and/or certifying officers for unlawful expenditures:

> 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 16 of the Manual of Certificate of Settlement and Balances elaborates on Section 103 of Presidential Decree No. 1445 and provides for factors to be taken into account in the determination of a public officer's liability, viz.:

> SECTION 16. DETERMINATION OF PERSONS LIABLE FOR AUDIT DISALLOWANCES OR CHARGES

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[45] *Id.* at 427–429.

> 16.1. The liability of public officers and other persons for audit disallowances shall be determined on the basis of: (a) the nature of the disallowance; (b) the *duties, responsibilities or obligations* of the officers/persons concerned; (c*) the extent of their participation or involvement* in the disallowed transaction; and (d) the amount of losses or damages suffered by the government thereby.

On this score, petitioner was adjudged to be solidary liable to return the MHCA based on his act of signing the CNA in his capacity as the representative of the government. In holding petitioner liable, the COA Proper explained that "although [petitioner] has no direct participation in the approval of, and the actual disbursement of the medical allowance, the CNA, which he signed, was the basis for the payment of the medical allowance." As will be explained below, the COA Proper's conclusion anent petitioner's liability is misplaced.

In *Ampatuan v. Commission on Audit*,[46] the Court held that the "sole proposition that an official is the head of the audited agency does not suffice to hold [them] personally liable for disallowances on account of [their] subordinate's actions."[47] There, the Court observed that liability cannot be imputed on therein petitioner considering that none of the documents which gave rise to the disallowances were signed or approved by the petitioner.[48]

Applying our disposition in *Amputuan* to the present case, the Court finds that a mere signature in the CNA cannot be assumed to operate as an express or implied authority from the signatory thereof to release the MHCA arising from the agreement. There must be proof that petitioner not only conspired with the persons who actually caused the disbursement of the MHCA but also acted with bad faith, malice, or gross negligence—all of which the COA Proper failed to adduce. In fact, the COA Proper itself admitted the lack of proof to hold petitioner liable when it stated that "although [petitioner] has no direct participation in the approval of, and the actual disbursement of the medical allowance, the CNA, which he signed, was the basis for the payment of the medical allowance." Absent any proof to show petitioner's participation in the disbursement of the MHCA, the Court is hard-pressed to hold that petitioner should be absolved from solidary liability to return the disallowed amounts.

ACCORDINGLY, the Petition is **PARTLY GRANTED**. Decision No. 2017-272 dated September 6, 2017 and Resolution dated December 23, 2021 of the Commission on Audit Commission Proper are **AFFIRMED** with **MODIFICATION**. Petitioner Atty. Rene C. Villa is **ABSOLVED** from his solidary obligation to return the disallowed amount.

SO ORDERED.

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[46] 918-A Phil. 842 (2021) [Per J. Lopez M., *En Banc*].
[47] *Id.* at 856.
[48] *Id.* at 860.

ANTONIO T. KHO, JR.
Associate Justice

WE CONCUR:

ALEXANDER G. GESMUNDO
Chief Justice

MARVIC M.V.F. LEONEN
Senior Associate Justice

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

On official business
RAMON PAUL L. HERNANDO
Associate Justice

AMY C. LAZARO-JAVIER
Associate Justice

Concurring and on official business
HENRI JEAN PAUL B. INTING
Associate Justice

RODIL V. ZALAMEDA
Associate Justice

MARIO V. LOPEZ
Associate Justice

On official leave
SAMUEL H. GAERLAN
Associate Justice

On official leave
RICARDO R. ROSARIO
Associate Justice

On official business
JHOSEP Y. LOPEZ
Associate Justice

JAPAR B. DIMAAMPAO
Associate Justice

On official leave
JOSE MIDAS P. MARQUEZ
Associate Justice

On leave
MARIA FILOMENA D. SINGH
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court.

ALEXANDER G. GESMUNDO
Chief Justice