



REPUBLIC OF THE PHILIPPINES
Sandiganbayan
Quezon City

SIXTH DIVISION

PEOPLE OF THE PHILIPPINES,
Plaintiff,

SB-17-CRM-2133
For: Violation of Section 3(e)
of Republic Act No. 3019

- versus -

ENRICO R. ECHIVERRI, ET AL.,
Accused.

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PEOPLE OF THE PHILIPPINES,
Plaintiff,

SB-17-CRM-2134
For: Falsification of Public Document

- versus -

EDNA V. CENTENO, ET AL.,
Accused.

Present
FERNANDEZ, SJ, J.,
Chairperson
MIRANDA, J. and
VIVERO, J.

X-----X

Promulgated:

March 24, 2019

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DECISION

FERNANDEZ, SJ, J.

Accused Enrico R. Echiverri, Edna V. Centeno and Jesusa C. Garcia, then Mayor, Accountant, and Budget Officer, respectively, of the City of Caloocan, are charged with violation of Sec. 3(e) of Republic Act No. 3019 (R.A. No. 3019) for allegedly (a) making the pertinent certifications in the Allotment and Obligation Slip (ALOBS); (b) awarding the contract to, and entering into a contract with P.B. Grey Construction (P.B. Grey); and (c) causing the payment of the amount of ₱16,406,333.69 to P.B. Grey; notwithstanding the lack of a specific

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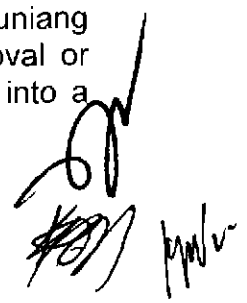
or itemized appropriation for the subject project, or the lack of prior approval or authorization from the Sangguniang Panlungsod of Caloocan.

Accused Centeno and Garcia are further charged with Falsification of Public Document under Art. 171, par. 4 of the Revised Penal Code (RPC) for allegedly making their respective certifications in the ALOBS when they knew that there was neither a specific itemized appropriation for the subject project, nor a prior approval or authorization from the Sangguniang Panlungsod of Caloocan.

The accusatory portion of the Informations read:

SB-17-CRM-2133
(Violation of Sec. 3[e] of R.A. No. 3019)

That from the period 02 February 2010 up to 13 October 2011, or sometime prior or subsequent thereto, in the City of Caloocan, Philippines, and within this Honorable Court's jurisdiction, then City Mayor **ENRICO REANTILLO ECHIVERRI**, City Accountant **EDNA VILLANUEVA CENTENO**, and City Budget Officer **JESUSA CRUZ GARCIA**, all of the City Government of Caloocan, public officers, while in the performance of their administrative and/or official functions, conspiring with one another, acting with manifest partiality, evident bad faith and/or gross inexcusable negligence, did then and there willfully, unlawfully and criminally cause undue injury to the government and give unwarranted benefits and advantage to P.B. Grey Construction (P.B. Grey), in the amount of at least **SIXTEEN MILLION FOUR HUNDRED SIX THOUSAND THREE HUNDRED THIRTY THREE PESOS and SIXTY-NINE CENTAVOS** (PhP16,406,333.69), by the following acts of the accused: Garcia and Centeno's respective certifications in ALOBS No. 100-10-02-0277 dated February 2, 2010 as to existence of appropriation and as to the obligation of allotment in the amount of Php19,308,370, for the Road and Drainage Improvement of Azalea and Sto. Niño Streets, Barangay 177, Caloocan City; Echiverri's awarding of the contract to, and entering into a contract with, P.B. Grey for said project; Centeno's certifications in Disbursement Vouchers Nos. 100-11-03-1366 and 100-10-05-3195 as to the completeness and propriety of supporting documents for the payment of PhP16,406,333.69 to P.B. Grey; and Echiverri's approval of the said Disbursement Vouchers for payment, all of said acts caused the payment and disbursement of PhP16,406,333.69 to P.B. Grey, when there was neither a specific or itemized appropriation ordinance passed by the Sangguniang Panlungsod of Caloocan for said project, nor a prior approval or authorization by the said sanggunian for Echiverri to enter into a



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contract with P.B. Grey, to the damage and prejudice of the government.

CONTRARY TO LAW.

SB-17-CRM-2134
(Falsification under Art. 171, par. 4 of the RPC)

That on 02 February 2010, or sometime prior or subsequent thereto, in the City of Caloocan, Philippines, and within this Honorable Court's jurisdiction, City Accountant **EDNA VILLANUEVA CENTENO, Salary Grade 27** and City Budget Officer **JESUSA CRUZ GARCIA, Salary Grade 26**, both public officers of the City Government of Caloocan City, public officers, while in the performance of their administrative and/or official functions, conspiring with one another, and taking advantage of their official positions, did then and there willfully, unlawfully and feloniously make false statements in a narration of facts, the truth of which they are legally bound to disclose, by respectively certifying in the Allotment and Obligation Slip (ALOPS) No. 100-10-02-0277 dated February 02, 2010 on the obligation of allotment and the existence of appropriation, for the Road and Drainage Improvement of Azalea St. and Sto. Niño St., Barangay 177, Caloocan City (project) in the amount of **NINETEEN MILLION THREE HUNDRED EIGHT THOUSAND THREE HUNDRED SEVENTY PESOS (Php19,308,370.00)**, more or less, when in truth and in fact, as accused well knew, there was neither a specific or itemized appropriation for said project in said amount, nor a prior approval or authorization from the Sangguniang Panlungsod to the damage and prejudice of the government.

CONTRARY TO LAW.

During the arraignment on February 21, 2018, the accused refused to enter their respective pleas, and the Court entered a plea of Not Guilty for them.¹

During the pre-trial,² the parties stipulated on the following:³

- 1. That at the time material to the allegations in the *Informations*, the following accused are public officers in Caloocan City, as follows:

Enrico R. Echiverri - Mayor of Caloocan City;
Edna V. Centeno - Caloocan City Accountant;

¹ Record, Vol. 1, pp. 312-315

² Pre-trial Order dated July 16, 2018; Record, Vol. 3, pp. 203-215

³ Record, Vol. 3, pp. 203-205

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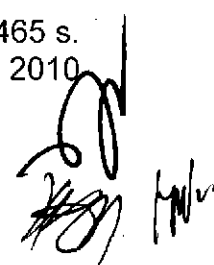
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Jesusa C. Garcia - Caloocan City Budget Officer

2. That the Honorable Court has jurisdiction to try and decide the instant cases and over the persons of the accused;
3. The identities of the accused as the persons charged in the *Informations*;
4. That on June 22, 2009, the Sangguniang Panlungsod (SP) of Caloocan City passed Resolution No. 1883 s. 2009 authorizing then-City Mayor accused Echiverri to represent the city government of Caloocan to negotiate, borrow and enter into a loan with the Land Bank of the Philippines (LBP) in the amount not to exceed ₱1,420,000,000.00 for the purpose of financing city development projects, and to execute and sign the necessary Memorandum of Agreement for the loan allocation from the LBP, and as well as to execute and sign subsequent loan agreements, deeds of assignment, promissory notes and other relevant documents in pursuant of the said memorandum of agreement for the implementation of the projects to be financed;
5. That on January 11, 2010, the Caloocan City Government, represented by accused Echiverri, in his capacity as then City Mayor, and the Landbank of the Philippines (LBP) entered into an Omnibus Term Loan Agreement (OTL Agreement) for the grant of a loan to the City Government of Caloocan in the amount of ₱1,420,000,000.00;
6. That on January 20, 2010, the SP enacted Ordinance No. 0464 s. 2010 enacting Supplemental Budget No. 1 of the City of Caloocan for fiscal year 2010 in the amount of ₱1,420,000,000.00 to be funded from the proceeds of the OTL facility from the LBP, for the purpose of providing appropriations for various expenditures;
7. That on February 2, 2010, accused Garcia and Centeno signed Allotment and Obligation Slip No. 100-10-02-0277 in their respective official capacities as Budget Officer and Chief Accountant, certifying as to the existence of appropriation and as to obligation of allotment for the project, Road and Drainage Improvement of Azalea Street and Sto. Niño Street, Barangay 177, Camarin, Caloocan City;
8. That aside from accused Garcia and Centeno, Mr. Rolando Eduria, Department Head, also signed ALOBS No. 100-10-02-0277 under the phrase "Requested by:";
9. That on March 4, 2010, the SP enacted Ordinance No. 0465 s. 2010 amending Section 1 of City Ordinance No. 0464 s. 2010



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also known as "Supplemental Budget No. 1 of the City of Caloocan for Fiscal Year 2010", for the purpose of providing lump sum appropriation for city development projects and public welfare program in accordance with the Memorandum of Agreement executed between the City Government and Land Bank of the Philippines;

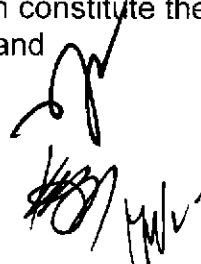
10. That on March 10, 2010, the City Government of Caloocan, represented by then-City Mayor accused Echiverri, entered into a contract with P.B. Grey Construction for the Road and Drainage Improvement of Azalea Street, and Sto. Nino Street, Barangay 177, Caloocan City;
11. That on March 11, 2010, the Notice to Proceed was issued by the City Government of Caloocan;
12. On March 18, 2010, accused Centeno, in her capacity as City Accountant, signed Disbursement Voucher No. 100-11-03-1366 and 100-10-05-3195 certifying as to the completeness and propriety of supporting documents;
13. On August 3, 2010, the SP issued Resolution No. 1922 s. 2010 ratifying the contract of loan entered into by accused Echiverri with the LBP in the amount not to exceed P1,420,000,000.00 as enunciated under approved Resolution No. 1883 s. 2009, including subsequent loan agreements, deeds of assignment, promissory notes and other relevant documents, for the purpose of financing city development projects;
14. On March 8, 2012, the SP issued Resolution No. 1980 s. 2012 supplementing approved Resolution No. 1992 s. 2010, a resolution ratifying the contract of loan entered into by accused Echiverri with LBP in the amount not to exceed P1,420,000,000 as enunciated under approved Resolution No. 1883 s. 2009, including subsequent loan agreements, deeds of assignment, promissory notes, and other relevant documents, for the purpose of financing city development projects;
15. The parties admit the existence, authenticity and due execution of their common exhibits listed hereunder.

The parties agreed that the issues to be resolved are as follows:⁴

For Crim. Case No. SB-17-CRM-2133:

- a. Whether the factual averments in the Information constitute the offense of Violation of Section 3(e) of RA 3019; and

⁴ Record, Vol. 3, p. 207



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- b. Whether the accused violated the provisions of Section 3(e) of RA 3019.

For Crim. Case No. SB-17-CRM-2134:

- a. Whether the factual averments in the Information constitute the offense of Falsification under Art. 171(4) of the Revised Penal Code (RPC); and
- b. Whether accused Centeno and Garcia are guilty of falsification of public document penalized under Art. 171 (4) of the RPC.

Trial ensued and the prosecution presented as its witnesses, **Lorenzo O. Sunga, Jr.**,⁵ **Recem N. Macarandan**,⁶ **Nomer Q. Marmolejo**,⁷ **Mary Ann DG. Caro**,⁸ and **Michael B. Ramos**.⁹

In his Judicial Affidavit, **Lorenzo O. Sunga, Jr.**, Secretary of the Sangguniang Panlungsod of Caloocan City, identified certain documents¹⁰ and declared:

- 1. His office received from the City Budget Department the list of projects funded out of the LBP loan, attached to Resolution 1980 s. 2012 (Exhibit J), only on March 5, 2012.¹¹
- 2. Said list of projects was then included in the agenda in discussing proposed Resolution 4363, which later became Resolution No. 1980 s. 2012.¹²
- 3. In the regular course of procedure, the list of projects is submitted to the Sangguniang Panlungsod prior to the deliberations on the proposed ordinance because such list would serve as basis for the enactment of the appropriation ordinance.¹³
- 4. Based on the records of the Sangguniang Panlungsod, there is no appropriation ordinance specifically authorizing the

⁵ TSN, July 16, 2018; *Judicial Affidavit of Lorenzo O. Sunga, Jr.* dated June 21, 2018 (Record, Vol. 1, pp. 336-398)

⁶ TSN, July 19, 2018; *Judicial Affidavit of Recem N. Macarandan* dated July 11, 2018 (Record, Vol. 1, pp. 412-437)

⁷ TSN, July 30, 2018; *Judicial Affidavit of Nomer Quieta Marmolejo* dated July 19, 2018 (Record, Vol. 1, pp. 451-456)

⁸ TSN, August 6, 2018; *Judicial Affidavit of Mary Ann DG. Caro* dated July 31, 2018 (Record, Vol. 2, pp. 266-280)

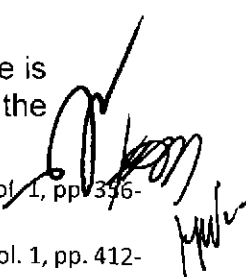
⁹ TSN, August 7, 2018; *Judicial Affidavit of Micahel B. Ramos [sic]* dated August 1, 2018 (Record, Vol. 2, pp. 256-259)

¹⁰ Exhibits A, C, D, E, F, G, H, I and J

¹¹ *Judicial Affidavit of Lorenzo O. Sunga, Jr.*, p. 3 (Record, Vol. 1, p. 357)

¹² *Judicial Affidavit of Lorenzo O. Sunga, Jr.*, p. 3 (Record, Vol. 1, p. 357)

¹³ *Judicial Affidavit of Lorenzo O. Sunga, Jr.*, pp. 3-4 (Record, Vol. 1, pp. 357-358)



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implementation of the project for the Road and Drainage Improvement of Azalea St., and Sto. Niño St., Brgy. 177, Camarin, Caloocan City.¹⁴

5. Likewise, there is no Sangguniang Panlungsod Resolution authorizing Mayor Echiverri to enter into a contract with P.B. Grey for said project.¹⁵

He further testified:

1. He is not aware of any suit for nullifying the project.¹⁶
2. Only the list of specific projects was attached to Resolution No. 1980.¹⁷

In her Judicial Affidavit, **Recem N. Macarandan**, Head of the LBP Caloocan Extension Office, identified certain documents,¹⁸ and declared that after Check No. 0000043960 (Exhibit T) was issued to P.B. Grey Construction, the amount stated therein was debited from the account of the City Government of Caloocan, as reflected in the fourth page of the pertinent Bank Statement (Exhibit U).¹⁹

She further testified:

1. She became the Branch Manager of Land Bank Caloocan Extension Office on October 2, 2017.²⁰
2. She had no participation in the preparation of the Omnibus Term Loan Agreement dated January 11, 2010, and has no personal knowledge as to the transaction.²¹
3. The Local Government of Caloocan is still paying for the loan.²²

In his Judicial Affidavit, **Nomer Q. Marmolejo**, Budget Officer of Caloocan City, identified the Annual Investment Plans for the years 2009, 2010 and 2011 (Exhibits AA and series), and declared:

¹⁴ *Judicial Affidavit of Lorenzo O. Sunga, Jr.*, p. 4 (Record, Vol. 1, p. 358)

¹⁵ *Judicial Affidavit of Lorenzo O. Sunga, Jr.*, p. 5 (Record, Vol. 1, p. 359)

¹⁶ TSN, July 16, 2018, p. 14

¹⁷ TSN, July 16, 2018, p. 27

¹⁸ Exhibits B, T, U and Y

¹⁹ *Judicial Affidavit of Recem N. Macarandan* dated July 11, 2018, p. 3 (Record, Vol. 1, p. 414)

²⁰ TSN, July 19, 2018, p. 30

²¹ TSN, July 19, 2018, p. 30

²² TSN, July 19, 2018, pp. 33-34



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1. As part of his functions as City Budget Officer, he signs documents related to the city's programs, projects and activities (PPAs).²³
2. Among such documents are the Allotment and Obligation Slips (ALOBS) and disbursement vouchers.²⁴
3. The Budget Officer signs the ALOBS to certify as to the existence of an appropriation, as required under P.D. No. 1445.²⁵
4. Before certifying as to the existence of an appropriation, he checks if a particular project has a specific appropriation in the appropriation ordinance for the relevant year, and if it is included in the Annual Investment Plan (AIP).²⁶
5. An appropriation is specific if the PPAs are itemized and particularized as to their titles, addresses or location, estimated amounts and sources of funding.²⁷
6. If the PPA is not included in the AIP, then it is also not included in the appropriation ordinance. In such case, the appropriation should not be certified because no money shall be paid out of government funds except in pursuance of an appropriation ordinance or law.²⁸
7. The appropriation ordinance is based on the executive budget submitted by the City Mayor. Said executive budget, in turn, is based on the budget proposal, which allocates funds for each and every PPA as described in the AIP.²⁹
8. There was no Supplemental AIP before the enactment of Ordinance 0464 s. 2010.³⁰
9. The project entitled Road and Drainage Improvement of Azalea St. and Sto. Niño St., Brgy. 177, Camarin, Caloocan City was not included in the AIP for 2010.³¹
10. In connection with the utilization of the ₱1.42 billion loan under the Omnibus Term Loan Agreement, from the records, it

²³ *Judicial Affidavit of Recem N. Macarandan* dated July 19, 2018, p. 2 (Record, Vol. 1, p. 452)

²⁴ *Judicial Affidavit of Recem N. Macarandan* dated July 19, 2018, p. 2 (Record, Vol. 1, p. 452)

²⁵ *Judicial Affidavit of Recem N. Macarandan* dated July 19, 2018, p. 2 (Record, Vol. 1, p. 452)

²⁶ *Judicial Affidavit of Recem N. Macarandan* dated July 19, 2018, p. 3 (Record, Vol. 1, p. 453)

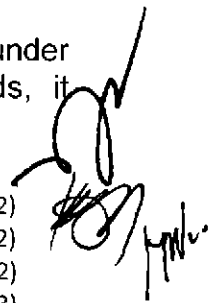
²⁷ *Judicial Affidavit of Recem N. Macarandan* dated July 19, 2018, p. 3 (Record, Vol. 1, p. 453)

²⁸ *Judicial Affidavit of Recem N. Macarandan* dated July 19, 2018, p. 2 (Record, Vol. 1, p. 453)

²⁹ *Judicial Affidavit of Recem N. Macarandan* dated July 19, 2018, p. 3-4 (Record, Vol. 1, p. 453-454)

³⁰ *Judicial Affidavit of Recem N. Macarandan* dated July 19, 2018, p. 5 (Record, Vol. 1, p. 455)

³¹ *Judicial Affidavit of Recem N. Macarandan* dated July 19, 2018, p. 5 (Record, Vol. 1, p. 455)



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appears that no list of PPAs was submitted to the Budget Office.³²

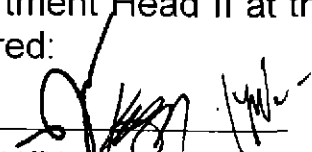
He further testified:

1. At the time of the subject transaction, he was not yet the Budget Officer of Caloocan City.³³
2. He did not participate in, and has no personal knowledge of, the circumstances surrounding the preparation, drafting, execution and implementation of the Annual Investment Plans for the years 2009 to 2011.³⁴
3. The subject transaction was implemented.³⁵
4. The Omnibus Term Loan may be considered a continuing appropriation if there is a specific appropriation.³⁶
5. The transaction subject of the present case was also a subject of a notice of disallowance issued by the COA.³⁷ Said notice of disallowance was subsequently lifted in the COA Commission Proper en banc Decision dated June 15, 2017.³⁸

In her Judicial Affidavit, **Mary Ann DG. Caro**, State Auditor IV of the Commission on Audit, identified NCR-LGS Decision No. 2015-05 dated June 19, 2015 (Exhibit X). On cross-examination, she further testified:

1. She is aware that said Decision dated June 19, 2015 had been subsequently reversed.³⁹
2. She was furnished a copy of the COA Decision dated June 15, 2017, which reversed NCR-LGS Decision No. 2015-05 dated June 19, 2015.⁴⁰

In his Judicial Affidavit, **Michael B. Ramos**, Assistant Department Head II at the Office of the City Accountant of Caloocan, declared:


³² *Judicial Affidavit of Recem N. Macarandan* dated July 19, 2018, p. 5 (Record, Vol. 1, p. 455)

³³ TSN, July 30, 2018, p. 13

³⁴ TSN, July 30, 2018, pp. 13-14

³⁵ TSN, July 30, 2018, p. 21

³⁶ TSN, July 30, 2018, pp. 21-24

³⁷ TSN, July 30, 2018, p. 24

³⁸ TSN, July 30, 2018, pp. 26-27

³⁹ TSN August 6, 2018, pp. 9-10

⁴⁰ TSN August 6, 2018, pp. 11

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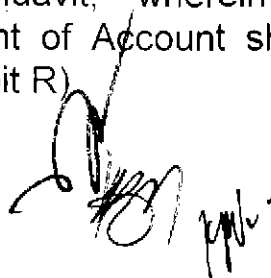
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1. As Assistant Department Head II, he assists the City Accountant in making the pertinent certifications in the disbursement vouchers, and in the ALOBS.⁴¹
2. The Accountant certifies the ALOBS based on the Advice of Allotment from the City Budget Office and the City Budget Officer's certification as to the appropriation.⁴²
3. The documents referred to in the Accountant's certification in the disbursement voucher include the following:⁴³
 - a. ALOBS;
 - b. Purchase Request;
 - c. Program of Works for infrastructure projects;
 - d. Contract;
 - e. Purchase Order; and
 - f. Acceptance and Inspection Report.
4. The certifications in the ALOBS are made to ensure that there is a specific appropriation, and that there is allotment of obligation, prior to the disbursement of funds to pay the supplier or the contractor.⁴⁴

On cross-examination, he further testified that he was promoted from Accountant IV to Assistant City Accountant only last November 20, 2017.⁴⁵

The testimony of **Analiza E. Mendiola**, City Treasurer of Caloocan, was dispensed⁴⁶ with after the parties stipulated that she can identify her judicial affidavit,⁴⁷ wherein she identified the Philippine Veterans Bank Statement of Account showing the encashment of Check No. 109212 (Exhibit R)



⁴¹ Judicial Affidavit of *Micahel B. Ramos* [sic] dated August 1, 2018, p. 2 (Record, Vol. 2, p. 257)

⁴² Judicial Affidavit of *Micahel B. Ramos* [sic] dated August 1, 2018, p. 2 (Record, Vol. 2, p. 257)

⁴³ Judicial Affidavit of *Micahel B. Ramos* [sic] dated August 1, 2018, p. 2 (Record, Vol. 2, p. 257)

⁴⁴ Judicial Affidavit of *Micahel B. Ramos* [sic] dated August 1, 2018, p. 2 (Record, Vol. 2, p. 257)

⁴⁵ TSN, August 7, 2018, p. 9

⁴⁶ Order dated August 14, 2018

⁴⁷ Judicial Affidavit of *Analiza E. Mendiola* dated August 9, 2018; Record, Vol. 2, pp. 305-309

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The following exhibits offered by the prosecution were admitted⁴⁸ in evidence:

| Exhibit | Document |
|-----------|---|
| A | Resolution No. 1883 s. 2009 |
| B | Omnibus Term Loan Agreement dated January 11, 2010 |
| C | Resolution No. 1922 s. 2010 |
| D | Statement of Supplemental Appropriations |
| E | Ordinance No. 0464 s. 2010 |
| F | Katitikan ng Natatanging Pulong ng Sangguniang Panlungsod na Ginanap Noong Ika-15 ng Enero, 2010 sa Gusali ng Sangguniang Panlungsod, Pamahalaang Lungsod ng Caloocan |
| G | Katitikan ng Karaniwang Pulong ng Sangguniang Panlungsod na Ginanap Noong Ika-19 ng Enero, 2010 sa Gusali ng Sangguniang Panlungsod, Pamahalaang Lungsod ng Caloocan |
| H | Ordinance No. 0465 s. 2010 |
| I | Resolution No. 1992 s. 2012 |
| J | Resolution No. 1980 s. 2012 |
| K | Allotment and Obligation Slip No. 100-10-02-0277 dated February 2, 2010 |
| L | Bids and Awards Committee Resolution No. 068 dated March 5, 2010 |
| M | Notice of Award dated March 8, 2010 |
| N | Contract entered into by and between Caloocan City and P.B. Grey Construction, dated March 10, 2010 |
| O | Notice to Proceed dated March 11, 2010 |
| P | Disbursement Voucher No. 100-10-05-3195 dated May 31, 2010 |
| R | Philippine Veterans Bank statement of account |
| S | Disbursement Voucher No. 100-11-03-1366 dated March 18, 2011 |
| T and T-1 | Land Bank of the Philippines Check No. 0000043960 dated October 13, 2011 |
| U to U-3 | Land Bank of the Philippines statement of account covering the period September 30, 2011 to October 31, 2011 |
| V | Audit Observation Memorandum dated February 24, 2012 |
| W | Notice of Disallowance (ND) No. 13-001-100-(11 to13) dated October 25, 2013 |
| X | NCR-LGS Decision No. 2015-05 dated June 19, 2015 |
| AA | Annual Investment Plans for 2009, 2010 and 2011 |

This Court granted the accused' motions for leave to file their demurrer to evidence.⁴⁹

⁴⁸ Resolution dated September 10, 2018; Record, Vol. 3, pp. 219-220

⁴⁹ Resolution dated October 25, 2018; Record, Vol. 3, pp. 484-485 (SB-17-CRM-2133); Resolution dated November 27, 2018 (SB-17-CRM-2134)

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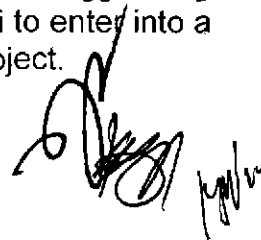
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In their *Demurrer to Evidence*⁵⁰ in SB-17-CRM-2133, the accused prayed for the grant of their demurrer to evidence for lack of evidence to sustain their conviction. They argued:

1. Sec. 14, Art. III of the Constitution guarantees that in all criminal prosecutions, the accused shall be presumed innocent until the contrary is proved.
2. The prosecution has the burden of proving the accused' guilt beyond reasonable doubt. An accused is entitled to an acquittal if the prosecution fails to discharge such burden.
3. The prosecution failed to prove beyond reasonable doubt all the elements of Sec. 3(e) of R.A. No. 3019.
4. The prosecution's witnesses had no personal knowledge of the subject transaction.
5. The prosecution failed to establish the element of undue injury or actual damage to the government or any private party.
 - a. The City of Caloocan entered into an agreement with the LBP for the Omnibus Term Loan to finance city development projects. The funds used for the subject project were spent for their intended purpose.
 - b. They could not have appropriated public funds for their own use because no money passed through their hands. Checks were issued to P.B. Grey. The same were thereafter encashed, and the corresponding amounts were properly debited from the city government's account.
 - c. The sole basis of the allegation of undue injury is the lack of appropriation or authorization from the Sangguniang Panlungsod.
 - d. However, witness Sunga confirmed that there was a specific appropriation for the subject project. On cross-examination, he further testified that the Sangguniang Panlungsod subsequently ratified the contract for the subject project.
 - e. Exhibits C, J, and I would show that the Sangguniang Panlungsod authorized accused Echiverri to enter into a contract with P.B. Grey for the subject project.

⁵⁰ Dated September 19, 2018; Record, Vol. 3, pp. 388-466



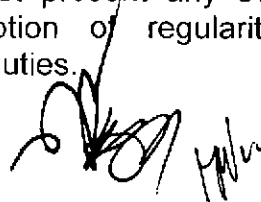
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- f. The prosecution did not present any evidence to prove that the procurement, the disbursement of funds, and the implementation of the subject project, were illegal or attended by irregularities.
 - g. The Commission on Audit (COA) en banc rendered the Decision dated June 15, 2017, which lifted the Notice of Disallowance covering various projects funded by the Omnibus Term Loan. Witness Caro confirmed that said notice of disallowance was indeed lifted.
 - h. In said Decision, the COA Commission Proper en banc ruled that the city derived benefits from the projects, which were already completed.
6. Even assuming that there was a defect in the prior authorization, such defect has been cured by the Sangguniang Panlungsod's ratification.
 7. No unwarranted benefit, advantage or preference was given to anyone.
 - a. The subject contract was awarded after public bidding, and in accordance with the pertinent procurement laws.
 - b. The award of the subject contract to P.B. Grey was the most advantageous to the government.
 8. No evidence was adduced to prove manifest partiality, evident bad faith, and/or gross inexcusable negligence on their part.
 - a. There was no manifest partiality.
 - i. The subject contract was awarded in accordance with R.A. No. 9184.
 - ii. There were at least three (3) bidders in the public bidding. The BAC recommended the award of the subject contract to P.B. Grey, the lowest bidder, because it was the most advantageous to the government.
 - iii. Accused Echiverri awarded the subject contract to P.B. Grey on the basis of the BAC's recommendation.
 - b. There was no evident bad faith.
 - i. The prosecution did not present any evidence to overturn the presumption of regularity in the performance of official duties.



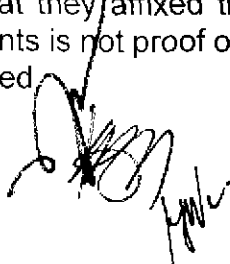
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- ii. The prosecution likewise failed to present any evidence to establish any dishonest or fraudulent purpose on their part.
 - iii. Their acts in connection with the award of the subject contract, and the disbursement of funds therefor, were in accordance with law and the authority granted by the Sangguniang Panlungsod.
 - iv. As shown by the prosecution's own evidence, funds were appropriated and disbursed for their intended purpose. Their reliance on the existence of the appropriation, and on the official acts of the Sangguniang Panlungsod cannot be considered as an indication of bad faith.
 - v. The Sangguniang Panlungsod not only authorized the award of the subject project. It also ratified, confirmed and affirmed the same in its subsequent resolutions.
- c. There was no gross inexcusable negligence.
- i. The prosecution failed to show that their actions were attended by wanton disregard of their respective duties, or with conscious indifference to consequences.
 - ii. They did not deviate from what the law required them to do.
 - iii. Ordinances were enacted to earmark the funds used in the subject project. The contract for the subject project was also authorized by ordinances, and confirmed and ratified in subsequent resolutions of the Sangguniang Panlungsod.
9. No evidence was presented to prove conspiracy among them.
- a. The existence of conspiracy cannot be established by conjectures, but by positive and conclusive evidence.
 - b. The agreement to commit an offense was not established.
 - c. The mere fact that they affixed their signatures on the pertinent documents is not proof of conspiracy to commit the offense charged.



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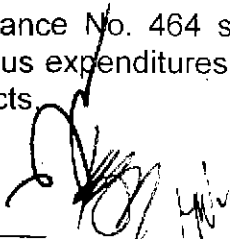
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- d. Such act of affixing their signatures was done in the regular discharge of their official functions.
 - e. Aside from them, there were other local government officials who were involved in the subject disbursement. However, these persons were not included in the charge.
10. In the absence of evidence, the presumption of regularity in the performance of official functions stands.
11. The present case should be dismissed for the prosecution's failure to prove their guilt beyond reasonable doubt.

In its *Opposition (Re: Accused's Demurrer to Evidence)*,⁵¹ the prosecution countered:

- 1. The prosecution convincingly proved the existence of sufficient and competent evidence to sustain the Information and to support a guilty verdict.
- 2. The first element of violation of Sec. 3(e) of R.A. No. 3019 is present. Accused Echiverri, Centeno and Garcia were public officers at the time material to the case, being then the Mayor, Accountant and Budget Officer, respectively, of the City of Calocan.
- 3. The second element is likewise present.
 - a. There was no specific appropriation for the subject project.
 - i. Resolution No. 1883 s. 2009 and the Omnibus Term Loan Agreement do not specify the projects sought to be funded by the proceeds of the loan from the LBP.
 - ii. Resolution No. 1922 s. 2010 shows that the Sangguniang Panlungsod ratified the contract entered into by accused Echiverri and the LBP. It stated therein that the purpose of the OTLA was to finance city development projects. However, the details of said projects were not included.
 - iii. Ordinance No. 464 s. 2010 appropriated funds for "various expenditures," without including the specific projects.



⁵¹ Dated and filed on December 21, 2017; Record, Vol. 2, pp. 205-209

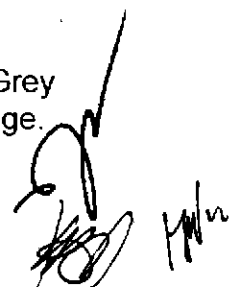
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- iv. Ordinance No. 465 s. 2010 also does not enumerate the specific projects. It provided for a lump sum appropriation without containing the details of the projects to be undertaken.
 - b. That the Sangguniang Panlungsod had to ratify the contracts would show that there was no prior authorization.
 - c. Absent said specific prior authorization, accused Echiverri may enter into the contract for the subject project only upon prior approval of the Sangguniang Panlungsod. However, neither was there such prior approval in the present case.
 - d. Although Ordinance No. 0464 was for a specific purpose, *i.e.*, for infrastructure projects, the specific projects were still not specified; as explained by the Supreme Court in *Quisumbing v. Garcia*.
 - e. The subsequent ratification by the Sangguniang Panlungsod is inconsequential. Criminal liability had already attached when accused Echiverri entered into a contract without prior authorization. Ratification of a contract is not one of the modes of extinguishing criminal liability.
 - f. Accused Centerio and Garcia also acted with evident bad faith when they signed the ALOBS when there was no appropriation for specific projects. They had the duty not to sign said document in the absence of an appropriation law or ordinance, or authority for the Local Chief Executive to enter into a contract.
 - g. Accused Centeno also signed Disbursement Vouchers No. 100-10-05-3195 and 100-11-03-1366, thereby certifying as to the "completeness and propriety of supporting documents," despite the fact that there was no specific ordinance or appropriation for the subject project.
4. The third element is present.
- a. Unwarranted benefits or privileges refer to accommodations, gains or perquisites granted to private parties without proper authorization or reasonable justification.
 - b. The award of the contract and the payment to P.B. Grey constitute unwarranted benefits, advantage or privilege.



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- c. The undue injury is in the amount of at least ₱16,406,333.69 paid to P.B. Grey.
- d. Because of the lack of prior authorization from the Sangguniang Panlungsod, the subject contract is void *ab initio*, and produced no legal effect.
5. The accused' reliance on the COA's Decision lifting the Notice of Disallowance is misplaced. Said Decision was not offered in evidence, and cannot be taken into consideration in disposing of the issues in the case.
6. Said Decision may affect the administrative or civil liability of the accused, but not their criminal liability.
7. That the project complied with the pertinent procurement laws is irrelevant. The same was not even alleged in the Information.

In their *Demurrer to Evidence*⁵² in SB-17-CRM-2134, accused Centeno and Garcia similarly prayed for the grant of their demurrer to evidence for lack of evidence to sustain their conviction. They argued:

1. The Sangguniang Panlungsod of Caloocan, through Ordinances No. 0464 and 0465, gave both prior authority and specific authorization for the Barangay 177 Project.
2. In Resolution No. 1992 s. 2012, the Sangguniang Panlungsod subsequently confirmed and ratified all contracts entered into by the City Government for the implementation of projects sourced from the Omnibus Term Loan proceeds.
3. That there was both prior authority and specific authorization from the Sangguniang Panlungsod negates the existence of the elements of Falsification.
4. The COA en banc, in its Decision No. 2017-159 dated June 15, 2017, reversed COA NCR-LGS Decision No. 2015-05 dated June 19, 2015, which affirmed the notice of disallowance issued by the local COA office.
 - a. The lifting of the notice of disallowance proves that accused Centeno and Garcia's certifications are not false.
 - b. Courts have a general policy of sustaining the decisions of administrative authorities on the basis of the separation of powers, and also for said administrative

⁵² Dated and filed on December 17, 2018

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authorities' expertise in the laws they are entrusted to enforce.

5. Aside from witness Sunga, none of the prosecution's witnesses had personal knowledge of the circumstances surrounding the subject transaction.
6. Accused Centeno and Garcia merely applied and observed the standard procedure in making their respective certifications in the ALOBS.
7. Accused Centeno and Garcia enjoy the presumption of regularity in the performance of their official functions. The prosecution's evidence failed to establish any wrongdoing on their part, or otherwise overturn such presumption of regularity.
8. Sec. 346⁵³ of R.A. No. 7160 does not require prior approval of the Sanggunian for the disbursement of local funds.
9. The Supreme Court's ruling in *Germar v. Legaspi*⁵⁴ further supports the position that accused Centeno and Garcia committed no crime.
 - a. In that case, it was held that the line-item "Consultancy Services" in the Maintenance and Other Operating Expenses (MOOE) is a specific allocation with a specific purpose for the MOOE of a specific office, and thus, constitutes the required specific authorization from the Sanggunian.
 - b. Similarly, the appropriation ordinances involved in the present case include specific line-items for improvement of roads and drainage systems.
10. The prosecution failed to prove conspiracy between accused Centeno and Garcia.

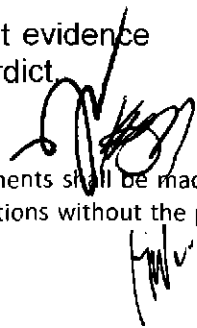
In its *Opposition (Re: Accused' Demurrer to Evidence)*,⁵⁵ the prosecution countered accused Centeno and Garcia's *Demurrer to Evidence* in SB-17-CRM-2134. It argued:

1. The prosecution presented sufficient and competent evidence to sustain the Information, and to support a guilty verdict.

⁵³ **Sec. 346.** *Disbursement of Local Funds and Statement of Accounts.* – Disbursements shall be made in accordance with the ordinance authorizing the annual or supplemental appropriations without the prior approval of the sanggunian concerned. x x x

⁵⁴ G.R. No. 232532, October 1, 2018

⁵⁵ Dated January 25, 2019 and filed on January 28, 2019



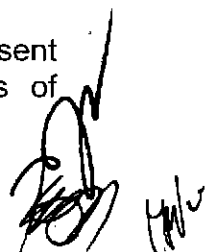
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2. There was no specific appropriation, or prior approval, from the Sangguniang Panlungsod for the subject project.
 - a. Resolution No. 1883 s. 2009 and the Omnibus Term Loan Agreement did not specify the projects sought to be funded by the loan proceeds. The purpose stated was merely to finance "city development projects."
 - b. Neither did Ordinance No. 0464 s. 2010 specify the infrastructure projects to be funded.
3. Resolution No. 1992 s. 2012 bolsters the fact that there was no prior authorization from the Sangguniang Panlungsod. Had there been prior authorization, there would be no need for the Sanggunian to ratify the contracts entered into by the Caloocan City Government, including the subject contract.
4. That the Sangguniang Panlungsod subsequently ratified the subject contract is inconsequential. Ratification is not among the modes of extinguishing criminal liability. The offense charged was consummated when accused Centeno and Garcia made their respective certifications in the subject ALOBS.
5. The ratification by the Sangguniang Panlungsod did not cure the defect because the lack of prior authorization from the Sanggunian rendered the contract void, and not subject to ratification.
6. Even assuming that the subject contract could be ratified, such ratification must be done through an ordinance, and not a mere resolution.
7. Accused Centeno and Garcia committed Falsification when they signed ALOBS No. 100-10-02-0277, certifying as to the existence of appropriation and obligation of allotment, when there was in fact no specific appropriation for the subject project.
8. The ruling in *Germar v. Legaspi* does not apply to the present case.
 - a. In that case, the amount of ₱900,000.00 was allocated for professional/consultancy services. The line-item "Consultancy Services" was in the MOOE of the Office of the Mayor, along with other line-items such as travelling expenses, training expenses, representation expenses, and intelligence expenses.
 - b. In contrast, the appropriation ordinance in the present case set aside ₱1.42 billion for various objects of



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- expenditure. Unlike in *Germar*, where "Consultancy Services" may be considered a line-item, the appropriation of a certain amount for various projects cannot be considered a line-item.
- c. *Germar* involved an administrative case, not a criminal case.
9. The COA's Decision, which lifted the notice of disallowance covering the subject transaction, should not be considered because it was not offered in evidence.
10. The disallowance or non-disallowance by the COA of a certain transaction is not determinative of the guilt of the accused. The COA's lifting of the notice of disallowance pertains to the administrative and civil aspects of the accused' liability, not their criminal liability.

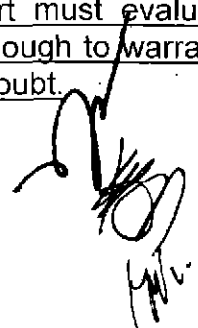
THE COURT'S RULING

After the prosecution rests its case, the Court may dismiss the action on the ground of insufficiency of evidence upon demurrer to evidence filed by the accused with or without leave of court.⁵⁶ In *People v. Go*,⁵⁷ the nature of a demurrer to evidence, and what is considered sufficient evidence for frustrating a demurrer, were explained as follows:

Demurrer to the evidence is "an objection by one of the parties in an action, to the effect that the evidence which his adversary produced is insufficient in point of law, whether true or not, to make out a case or sustain the issue. The party demurring challenges the sufficiency of the whole evidence raised in a demurrer, is merely required to ascertain whether there is competent or sufficient evidence to sustain the indictment or to support a verdict of guilt. x x x Sufficient evidence for purposes of frustrating a demurrer thereto is such evidence in character, weight or amount as will legally justify the judicial or official action demanded according to the circumstances. To be considered sufficient therefore, the evidence must prove: (a) the commission of the crime, and (b) the precise degree of participation therein by the accused." Thus, when the accused files a demurrer, the court must evaluate whether the prosecution evidence is sufficient enough to warrant the conviction of the accused beyond reasonable doubt.

⁵⁶ *Rules of Court*. Rule 119, Sec. 23

⁵⁷ G.R. No. 191015, August 6, 2014



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(underscoring supplied)

Thus, this Court will determine if the prosecution's evidence proved beyond reasonable doubt the commission of the crime charged, and the precise degree of the accused' participation therein.

FINDINGS OF FACT

From the prosecution's evidence and the stipulations of the parties, the following facts may be gleaned:

In Resolution No. 1883 s. 2009,⁵⁸ the Sangguniang Panlungsod of Caloocan (Sanggunian) authorized accused Enrico R. Echiverri, then City Mayor, to represent the City Government of Caloocan in entering into a loan agreement with Land Bank of the Philippines (LBP), and to perform other acts in connection with said agreement. On January 11, 2010, LBP and the City Government of Caloocan, represented by accused Echiverri, executed the Omnibus Term Loan Agreement,⁵⁹ wherein LBP granted the City Government a loan in the amount of ₱1.42 billion, for the purpose of financing city development projects.

On January 19, 2010, the Sanggunian enacted Ordinance No. 0464 s. 2010,⁶⁰ enacting Supplemental Budget No. 1 for the year 2010, and appropriating the amount of ₱1.42 billion funded from the proceeds of the Omnibus Term Loan, for various infrastructure projects. Section 1 of the ordinance reads:

Section 1. Supplemental Appropriations – The amount of **ONE BILLION FOUR HUNDRED TWENTY MILLION PESOS (Php 1,420,000,000.00)**, which represents the proceeds of the Omnibus Term Loan Facility with Land Bank of the Philippines, and duly certified as available for appropriations by City Treasurer Evelina Garma, is hereby appropriated as follows:

| Office | Object of Expenditure | Amount |
|------------------------|--|--------------------|
| City Engineer's Office | sports center, public markets, Barangay halls, city pound building, commercial building, trading center, community water | P 1,065,000,000.00 |

⁵⁸ Exhibit A; adopted on June 22, 2009

⁵⁹ Exhibit B

⁶⁰ Approved by the City Mayor on January 20, 2010

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system, public transport terminal, vehicle terminals, telephone system, livelihood projects, warehouse, slaughterhouse, low cost housing, school buildings, hospitals, public buildings and equipments, cemetery/crematorium, multipurpose halls, ports, asphalt batching plant, electrification project/program, machinery, light and heavy equipment, public service vehicle, ambulance, computerization of system operations, construction and improvement of city hall, health centers, day care centers, construction and/or improvement of roads, alleys, path-walks, bridges, rip-rap drainage system, equipments and implements, structures and signages, land acquisition and land improvements, sport facilities, setting-up and improvement of communication facilities, construction of low-cost housing, and community development, public enterprise and facilities, livelihood projects, various developments projects for public's general welfare

| | |
|--|---------------------------|
| Statutory & Contractual Obligations | P 284,000,000.00 |
| 20% IRA Development Projects | |
| 5% Calamity Fund | P 71,000,000.00 |
| TOTAL SUPPLEMENTAL APPROPRIATIONS | P 1,420,000,000.00 |

On February 2, 2010, accused Jesusa C. Garcia, then OIC-Budget Officer, and accused Edna V. Centeno, then City Accountant, certified in Allotment and Obligation Slip (ALOBS) No. 100-10-02-0277,⁶¹ as to existence of appropriation, and as to obligation of allotment, respectively, in connection with the project named "Road & Drainage Improvement of Azalea St. & Sto. Nino St. BGY. 177, Camarin, Caloocan City" (subject project), in the amount of ₱19,308,370.00.

On March 2, 2010, the Sanggunian enacted Ordinance No. 0465 s. 2010,⁶² amending Sec. 1 of Ordinance No. 0464 s. 2010, which, after amendment, reads:

⁶¹ Exhibit K

⁶² Exhibit H; approved by the City Mayor on March 4, 2010

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Section 1. Supplemental Appropriations- The amount of ONE BILLION FOUR HUNDRED TWENTY MILLION PESOS (Php 1,420,000,000.00), which represents the proceeds of the Omnibus Term Loan Facility with Land Bank of the Philippines, and duly certified as available for appropriations by City Treasurer Evelina Garma, is hereby appropriated as follows:

| Office | Object of Expenditure | Amount |
|--|---|---------------------------|
| City Engineer's Office | sports center, public markets, Barangay halls, city pound building, commercial building, trading center, community water system, public transport terminal, vehicle terminals, telephone system, livelihood projects, warehouse, slaughterhouse, low cost housing, school buildings, hospitals, public buildings and equipments, cemetery/crematorium, multipurpose halls, ports, asphalt batching plant, electrification project/program, machinery, light and heavy equipment, public service vehicle, ambulance, computerization of system operations, construction and improvement of city hall, health centers, day care centers, construction and/or improvement of roads, alleys, path-walks, bridges, rip-rap drainage system, equipments and implements, structures and signages, land acquisition and land improvements, sport facilities, setting-up and improvement of communication facilities, construction of low-cost housing, and community development, public enterprise and facilities, livelihood projects, various developments projects for public's general welfare | P 1,420,000,000.00 |
| TOTAL SUPPLEMENTAL APPROPRIATIONS | | P 1,420,000,000.00 |

On March 5, 2010, after public bidding, the Bids and Awards Committee recommended the award of the contract for the subject project to P.B. Grey Construction (P.B. Grey), which offered the lowest bid in the amount of ₱18,723,348.00.⁶³ Thereafter, on March 10, 2010, accused Echiverri, representing the City of Caloocan, entered into a contract with P.B. Grey for the subject project.⁶⁴

Accused Echiverri issued the Notice to Proceed dated March 11, 2010, and the subject project was eventually completed.⁶⁵ As payment

⁶³ Exhibit L
⁶⁴ Exhibit N
⁶⁵ Exhibit V-1

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for the work done, Philippine Veterans Bank (PVB) Check No. 109212⁶⁶ in the amount of ₱8,956,861.54, under Disbursement Voucher No. 100-10-05-3195;⁶⁷ and LBP Check No. 0000043960⁶⁸ in the amount of ₱7,449,472.15, under Disbursement Voucher No. 100-11-03-1366;⁶⁹ were issued to P.B. Grey. Accused Centeno certified the completeness and propriety of the supporting documents, and accused Echiverri approved, said disbursement vouchers.

In Resolution No. 1922 s. 2010,⁷⁰ the Sanggunian ratified said contract of loan entered into by accused Echiverri with LBP. Much later, on March 8, 2012, the Sangguniang Panlungsod of Caloocan adopted Resolution No. 1980 s. 2012, to supplement Resolution No. 1883 s. 2009. Made an integral part of the former was the list of specific projects funded out of the loan from the LBP, including the subject project. On July 31, 2012, the Sangguniang Panlungsod of Caloocan adopted Resolution No. 1992 s. 2012,⁷¹ which confirmed and ratified contracts, agreements and other documents executed and entered into by Caloocan City for projects sourced from the lump sum appropriations of, among others, the supplemental budgets approved for the years 2005 to 2010.

DISCUSSION

I. Violation of Sec. 3(e) of R.A. No. 3019

Sec. 3 (e) of R.A. No. 3019 provides:

Sec. 3. Corrupt practices of public officers. – In addition to acts or omissions of public officers already penalized by existing law, the following shall constitute corrupt practices of any public officer and are hereby declared to be unlawful:

x x x

(e) Causing any undue injury to any party, including the Government, or giving any private party any unwarranted benefits, advantage or preference in the discharge of his official, administrative or judicial functions through manifest partiality, evident

⁶⁶ Exhibits P and R

⁶⁷ Exhibit P

⁶⁸ Dated October 13, 2011; Exhibits S and T

⁶⁹ Exhibit S

⁷⁰ Exhibit C; adopted on August 3, 2010

⁷¹ Exhibit I

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bad faith or gross inexcusable negligence. This provision shall apply to officers and employees of offices of government corporations charged with the grant of licenses or permits or other concessions.

The elements of the offense are as follows:

1. That the accused must be a public officer discharging administrative, judicial, or official functions (or a private individual acting in conspiracy with such public officers);
2. That the accused acted with manifest partiality, evident bad faith, or inexcusable negligence; and
3. That the accused' action caused undue injury to any party, including the government, or giving any private party unwarranted benefits, advantage, or preference in the discharge of his or her functions.⁷²

Pertinent to the case at bar is the Supreme Court's Resolution in *People v. Sandiganbayan (First Division)*.⁷³ There, the Supreme Court affirmed the Sandiganbayan's (First Division) Decision dated April 16, 2018 and Resolution dated June 13, 2018 in SB-17-CRM-1389 and 1390, for failure of the People of the Philippines, represented by the Office of the Ombudsman, through the Office of the Special Prosecutor, to sufficiently show that the First Division gravely abused its discretion when it rendered the assailed Decision, acquitting therein accused—who are also the accused in the present cases—of violation of Sec. 3(e) of R.A. No. 3019 and Falsification under Art. 171, par. 4 of the RPC. It was held:

As correctly ruled by the SB, the grant of respondents' demurrer to evidence was warranted as the prosecution's evidence had shown that: (a) Echiverri, as then the Mayor of Caloocan City, was authorized by the Sangguniang Panlungsod (SP), through Ordinance No. 0464, series of 2010, enacting Supplemental Budget No. 1 for 2010 to enter into various city development projects, including the subject infrastructure project, all of which were subsequently ratified by the SP, through Resolution Nos. 1980 and 1992, series of 2012; and (b) the subject infrastructure project strictly underwent the required procurement process, thereby eliminating the possibility that it was entered into by respondents with manifest partiality or with gross inexcusable negligence, and/or that it resulted in undue injury or actual damage to the Caloocan City Local Government Unit. x x x

⁷² *Fuentes v. People*, G.R. No. 186421, April 17, 2017

⁷³ G.R. Nos. 241103-04, October 1, 2018

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Taking its bearings from *People v. Sandiganbayan (First Division)*,⁷⁴ this Court finds that although the prosecution proved the first element of violation of Sec. 3(e) of R.A. No. 3019, it failed to prove the other elements of the offense.

It is undisputed that the first element is present. Accused Echiverri, Centeno and Garcia were Mayor, Accountant and Budget Officer, respectively, of Caloocan City.⁷⁵ The acts attributed to them were done in the discharge of their official functions.

The second element is present when the accused acted with manifest partiality, evident bad faith, or gross inexcusable negligence. In *Uriarte v. People*,⁷⁶ the Supreme Court defined these terms as follows:

Section 3(e) of R.A. 3019 may be committed either by *dolo*, as when the accused acted with evident bad faith or manifest partiality, or by *culpa* as when the accused committed gross inexcusable negligence. There is "**manifest partiality**" when there is a clear, notorious or plain inclination or predilection to favor one side or person rather than another. "**Evident bad faith**" connotes not only bad judgment but also palpably and patently fraudulent and dishonest purpose to do moral obliquity or conscious wrongdoing for some perverse motive or ill will. It contemplates a state of mind affirmatively operating with furtive design or with some motive or self-interest or ill will or for ulterior purposes. "**Gross inexcusable negligence**" refers to negligence characterized by the want of even the slightest care, acting or omitting to act in a situation where there is a duty to act, not inadvertently but willfully and intentionally, with conscious indifference to consequences insofar as other persons may be affected.

The Information alleges that accused Echiverri, Centeno and Garcia acted with manifest partiality, evident bad faith and/or gross inexcusable negligence when, despite the lack of a specific or itemized appropriation ordinance, or prior approval or authorization from the Sanggunian, (a) accused Centeno and Garcia made their respective certifications in ALOBS No. 100-10-02-0277; (b) accused Echiverri awarded the subject contract to, and entered into a contract with, P.B. Grey for the subject project; and (c) accused Echiverri and Centeno, through Disbursement Vouchers No. 100-11-03-1366 and 100-10-05-

⁷⁴ *Ibid.*

⁷⁵ Pre-trial Order dated July 16, 2018

⁷⁶ G.R. No. 169251, December 20, 2006

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3195, caused the payment and disbursement in the amount of ₱16,406,333.69 to P.B. Grey.

A. Accused Centeno and Garcia's respective certifications in the ALOBS

This Court finds no manifest partiality, evident bad faith or gross inexcusable negligence on the part of accused Centeno and Garcia, when they made their respective certifications in ALOBS No. 100-10-02-0277.

The respective duties of the Budget Officer and of the Accountant, with regard to the disbursement of funds, are laid down in Sec. 344 of Republic Act No. 7160 (R.A. No. 7160), which reads:

Sec. 344. Certification, and Approval of, Vouchers. – No money shall be disbursed unless the local budget officer certifies to the existence of appropriation that has been legally made for the purpose, and the local accountant has obligated said appropriation, x x x.

The aforementioned certifications pertain to budgetary accounts, which are composed of appropriations, allotments and obligations.⁷⁷ These were defined in Volume 1 of the *New Government Accounting System Manual for Local Government Units* (NGAS for LGUs),⁷⁸ as follows:

Sec. 07. Accounting for Appropriations. – Appropriation refers to an authorization made by ordinance, directing the payment of goods and services from local government funds under specified conditions or for specific purposes.⁷⁹

x x x

Sec. 08. Accounting for Allotments. – Allotment is the authorization issued by the Local Chief Executive (LCE) to a department/office of the LGU, which allows it to incur obligations for specified amounts, within the appropriation ordinance. x x x

⁷⁷ NGAS for LGUs, Vol. 1, Sec. 6
⁷⁸ Commission on Audit Circular No. 2002-003 dated June 20, 2002
⁷⁹ R.A. No. 7160. **Sec. 306.** (b) "Appropriation" refers to an authorization made by ordinance, directing the payment of goods and services from local government funds under specified conditions or for specific purposes; x x x

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Sec. 09. Accounting for Obligations. – Obligations refer to the amounts committed to be paid by the LGU for any lawful act made by an accountable officer for and in behalf of the local government unit concerned.

x x x

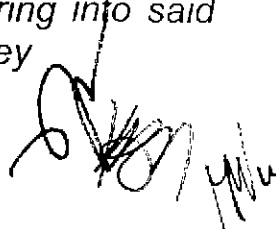
Under Sec. 11 of NGAS for LGUs, Vol. 1, which summarizes the process in accounting for budgetary accounts, after the requesting office forwards the ALOBS to the Office of the Budget Officer, the Budget Officer certifies the ALOBS as to the existence of appropriation based on the appropriation ordinance, and thereafter forwards the same to the Office of the Accountant. The Accountant then certifies the ALOBS as to the obligation of allotments.

It is undisputed that in ALOBS No. 100-10-02-0277 dated February 2, 2010, accused Garcia, as Budget Officer, certified as to the existence of an appropriation, and accused Centeno, as Accountant, certified as to the obligation of allotment. However, there is nothing in the prosecution's evidence that would prove how such acts were attended by manifest partiality, evident bad faith or gross inexcusable negligence.

There was indeed an appropriation for the project indicated in said ALOBS, *i.e.*, Road & Drainage Improvement of Azalea St., & Sto. Nino St. BGY. 177, Camarin, Caloocan City. In Ordinance No. 0464 s. 2010, which was enacted on January 19, 2010, and approved by the City Mayor on January 20, 2010, the Sangguniang Panlungsod appropriated the amount of ₱1.065 billion for various infrastructure projects, including the "construction and/or improvement of roads," and "drainage system." Clearly, the subject project falls within the enumeration in the object of expenditure in Sec. 1 of Ordinance No. 0464 s. 2010.

On the other hand, the prosecution not only failed, but did not even make any attempt, to prove any irregularity in accused Centeno's act of certifying as to the obligation of allotment, which involves recording the pertinent entries in the Registry of Appropriations, Allotments and Obligations (RAAO).

B. Accused Echiverri's award of the contract to, and entering into said contract with, P.B. Grey



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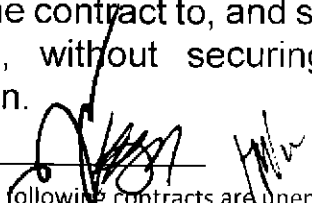
First, without ruling on the validity of the subject contract, the same not being an issue, this Court must point out that the lack of prior authorization from the sanggunian does not render the contract entered into by the local chief executive null and void, but only unenforceable under Art. 1403(1)⁸⁰ of the Civil Code.⁸¹

Second, the subsequent ratification of the subject contract by the Sangguniang Panlungsod has no relevance to accused Echiverri's criminal liability. The subsequent ratification of a contract only serves to cure the defect therein. It is not a ground for extinguishing criminal liability.⁸²

Violation of Sec. 3(e) of R.A. No. 3019 is consummated once undue injury or the giving of unwarranted benefits is caused by a public officer's act done with manifest partiality, evident bad faith or gross inexcusable negligence. Hence, accused Echiverri may be found criminally liable if the prosecution proves beyond reasonable doubt that (1) his act of entering into a contract with P.B. Grey was done with manifest partiality, evident bad faith or gross inexcusable negligence, and (2) such act caused undue injury to the Government, or the giving of unwarranted benefits to P.B. Grey, regardless of whether or not the Sangguniang Panlungsod subsequently ratified the subject contract.

With the other matters out of the way, the Court will now resolve the issue at hand.

This Court finds no manifest partiality, evident bad faith or gross inexcusable negligence on the part of accused Echiverri when he awarded the contract to, and subsequently, entered into a contract with, P.B. Grey, without securing a separate authorization from the Sanggunian.


⁸⁰ Art. 1403. The following contracts are unenforceable, unless they are ratified:

(1) Those entered into in the name of another person by one who has been given no authority or legal representation, or who has acted beyond his powers; x x x

⁸¹ Please see *Ocampo v. People*, G.R. Nos. 156547-51 and 156384-85, February 4, 2008

⁸² *Revised Penal Code. Art. 89. How criminal liability is totally extinguished.* – Criminal liability is totally extinguished:

1. By the death of the convict, as to the personal penalties; and as to the pecuniary penalties, liability therefor is extinguished only when the death of the offender occurs before final judgment;
2. By service of the sentence;
3. By amnesty, which completely extinguishes the penalty and all its effects;
4. By absolute pardon;
5. By prescription of the crime;
6. By prescription of the penalty;
7. By the marriage of the offended woman, as provided in Article 344 of this Code.

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As is the case in *People v. Sandiganbayan (First Division)*,⁸³ the Sangguniang Panlungsod of Caloocan, through Ordinance No. 0464, s. 2010, authorized accused Echiverri to enter into contracts for "construction and/or improvement of roads, x x x drainage system," of which the subject project is one.

Sec. 22 (c) of R.A. No. 7160 requires prior authorization from the Sanggunian before the local chief executive may enter into a contract in behalf of the local government unit. *Viz.:*

Sec. 22. Corporate Powers. – (a) x x x

(c) Unless otherwise provided in this Code, no contract may be entered into by the local chief executive in behalf of the local government unit without prior authorization by the sanggunian concerned. A legible copy of such contract shall be posted at a conspicuous place in the provincial capitol or the city, municipal or barangay hall.

In *Quisumbing v. Garcia*,⁸⁴ the Supreme Court explained that such authorization is required as a measure of check and balance. There, it was also explained that an appropriation ordinance may be considered as the necessary prior authorization if it contains in sufficient detail the project and the cost of capital outlay. Otherwise, the local chief executive must secure a separate authorization from the Sanggunian. Later, in *Germar v. Legaspi*,⁸⁵ the Supreme Court applied by analogy the previous rulings on the nature of a line-item as used in appropriation laws to appropriation ordinances, and thereby clarified that a line-item in an appropriation ordinance may be "of sufficient detail," such that a separate sanggunian authorization would not be required. In *People v. Sandiganbayan (First Division)*,⁸⁶ the Supreme Court agreed with the First Division's conclusion that accused Echiverri, as Mayor of Caloocan City, was authorized by the Sangguniang Panlungsod, through Ordinance No. 0464, s. 2010, to enter into various city development projects.

Here, the same Ordinance No. 0464, s. 2010, contains an allocation in the amount of ₱1,065,000,000.00,⁸⁷ for specific

⁸³ *Supra.* Note 73

⁸⁴ G.R. No. 175527, December 8, 2008

⁸⁵ *Supra.* Note 54

⁸⁶ *Supra.* Note 73

⁸⁷ Ordinance No. 0465, s. 2010, amending Ordinance No. 0464, s. 2010, subsequently increased the amount to ₱1,420,000,000.00.