



Republic of the Philippines
Supreme Court
Manila

EN BANC

**OFFICE OF THE COURT
ADMINISTRATOR,**
Complainant,

A.M. No. P-10-2805
(formerly A.M. No. 10-4-57-MCTC)

Present:

SERENO, *C.J.*,
CARPIO,
VELASCO, JR.,
LEONARDO-DE CASTRO,
BRION,
PERALTA,
BERSAMIN,
DEL CASTILLO,
ABAD,
VILLARAMA, JR.,*
PEREZ,
MENDOZA,
REYES, and
PERLAS-BERNABE, *JJ.*

- versus -

LIZA P. CASTILLO, Clerk of Court,
4th Municipal Circuit Trial Court, San
Fabian-San Jacinto, Pangasinan,
Respondent.

Promulgated:

SEPTEMBER 18, 2012

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DECISION

PER CURIAM:

We resolve the present administrative complaint against Clerk of Court II Liza P. Castillo of the 4th Municipal Circuit Trial Court (*MCTC*), San Fabian-San Jacinto, Pangasinan, arising from the financial audit conducted at this court in July and August 2007.

The Antecedents

The financial audit covered the accountabilities of the following:

ACCOUNTABLE OFFICER	POSITION	ACCOUNTABILITY PERIOD
Victorio A. Dion	Clerk of Court II	February 13, 1995 – February 28, 2001
Alicia Q. Carrera	Clerk of Court II	March 1 – August 21, 2001; November 14 – December 4, 2001
Aniceto L. Madronio, Sr.	Judge	August 22 – November 13, 2001
Liza P. Castillo	Clerk of Court II	December 5, 2001- October 11, 2007

On April 22, 2010, the Office of the Court Administrator (OCA) submitted a report¹ (based on the report of the financial audit team headed by Management and Audit Analyst IV Nathaniel M. Sevilla²) to the Office of the Chief Justice.

Acting on the report, the Court issued a Resolution on June 23, 2010,³ which we quote:

The OCA's financial audit team, from the Fiscal Monitoring Division of the Court Management Office, found that a huge amount of collections within the period of February 1995 to October 2007 was not deposited; these funds were successively handled by persons appointed as Clerk of Court II in the said court, namely: Victorio A. Dion, Alicia Q. Carrera, and Liza P. Castillo, and by retired Judge Aniceto L. Madronio, Sr. The Court previously required them to file compliance/explanation/comments. In this regard, the OCA reports that:

1. Mr. Dion's explanations/comments to the audit findings, together with the audit team's evaluation of his explanations and its recommendations, were taken up and discussed in a *separate report*.
2. Ms. Carrera made an over withdrawal of ₱3,000.00, representing a reduced cash bond deposit in Criminal Case No. 3982. She did not file any

¹ *Rollo*, pp. 1-12.

² *Id.* at 13-25.

³ *Id.* at 204-212.

explanation/comment as she already left for the United States after [s]he resigned from her court position on May 15, 2002.

3. Judge Madronio made a withdrawal of cash bond in the amount of ₱2,000.00 in Criminal Case Nos. 4358-59, without a special power of attorney (SPA). Judge Madronio explained that the bondsman/payor, who should have issued the SPA, was already residing abroad. Judge Madronio redeposited ₱2,000.00 to the Fiduciary Fund Account on September 23, 2008.
4. Ms. Castillo incurred a total shortage of ₱598,655.10, reduced to ₱597,155.10. The FMD withheld her salaries and allowances since August 2006. She expressed her willingness “to deposit all the amounts,” subject to a recomputation and the application of the withheld salaries to her accountabilities. However, she offered no explanation for the shortages.

Moreover, Ms. Castillo affixed her signature as Officer-in-Charge (OIC) in (1) the monthly reports of collections, deposits, and withdrawals covering the period of November 2001 to April 2002; and (2) the Supreme Court official receipts starting December 2001, although she was only verbally designated as OIC. She explained that she readily obeyed Judge Madronio’s orders since nobody was willing to take on the responsibilities of the OIC. She also made requests that her designation as OIC be formalized but the same were ignored by Judge Madronio.

Further, Ms. Castillo also failed to include the SPA or authorization letter, or to indicate in several acknowledgement receipts (during her tenure as an accountable officer) the date the refund was made, thus precluding anyone from determining if a collection, deposited to and withdrawn from the Fiduciary Fund Account, was promptly returned to the recipient. She explained that the inadvertent omissions were caused by a heavy workload.

Lastly, she failed to attend to the disbursement vouchers, with a list of estimated expenses pertaining to the service of court processes within the period of January 16, 2006 to March 19, 2007, presented to her by Mr. Diego C. Iglesias. Mr. Iglesias admitted to have received ₱1,500.00 of the ₱4,400.00 being claimed in 15 disbursement vouchers. Ms. Castillo explained that she could not attend to these because they were not yet signed by the Presiding Judge, but she gave cash advances anyway (contrary to the audit rules). She gave cash advances to Mr. Iglesias for travel expenses in serving court processes. Ms. Castillo claimed that she had refunded unused deposits to the plaintiffs/petitioners, and requested for time to produce the corresponding acknowledgment receipt for each refund.

The financial audit team also discovered an unremitted interest of ₱1,518.69, earned on the Fiduciary Fund Account deposits (with the Land Bank of the Philippines) for the period of July to September 2007. Mr.

Romulo L. Visperas, Jr., the court's incumbent OIC, stated that this amount was remitted to the Judiciary Development Fund Account on December 27, 2007.

In view of these findings and considering the Office of the Court Administrator recommendations, the Court resolves to:

1. **DIRECT** the present Report of the Office of the Court Administrator to be **DOCKETED** as a regular administrative complaint against Ms. Liza P. Castillo for gross neglect of duty, dishonesty, and grave misconduct in the handling of judiciary funds;
2. **ISSUE** a Hold Departure Order against Ms. Liza P. Castillo to prevent her from leaving the country;
3. **DIRECT** the Financial Management Office of the Office of the Court Administrator to:
 - (a) **COMPUTE** and **PROCESS** the withheld salaries, ADCOM and PERA (net deductions) and money value of leave credits due to Ms. Liza P. Castillo, **DISPENSING** with the usual documentary requirements, and **APPLY** the same to her accountabilities (enumerated below), **OBSERVING** the following order of preference; Fiduciary Fund, Sheriff's Trust Fund, Judiciary Development Fund, Special Allowance for the Judiciary Fund; and Mediation Fund:
 - i. ₱63,868.62 – Judiciary Development Fund Savings Account No. 0591-0116-34;
 - ii. ₱282,499.98 – Fiduciary Fund Savings Account No. 0821-0415-70;
 - iii. ₱193,286.50 – Special Allowance for the Judiciary Fund Savings Account No. 0591-1744-28;
 - iv. ₱34,000.00 – SC Philja PMC Trust Fund (Rule 141) Savings Account No. 3472-1000-08; and
 - v. ₱23,500.00 – Fiduciary Fund Savings Account No. 0821-0415-70 or to a Sheriff Trust Fund Account to be opened by the Presiding Judge and the Officer-in-Charge/Clerk of Court with Land Bank of the Philippines, Dagupan City, Pangasinan Branch; and
 - (b) **COORDINATE** with the Fiscal Monitoring Division (*FMD*), Court Management Office, Office of the Court Administrator on the release (to the incumbent Officer-in-Charge/Clerk of Court) of the checks to be applied to the shortages, in order for the FMD to **PROPERLY MONITOR** Ms. Liza P. Castillo's restitution of the

portion of the deficit not covered by her withheld salaries, ADCOM and PERA (net deductions), and the money value of her leave credits;

4. **DIRECT** Ms. Liza P. Castillo to:
 - (a) **MANIFEST**, within a non-extendible period of ten (10) days from receipt of this Resolution, whether she is submitting for decision or resolution the administrative complaint against her for gross neglect of duty, dishonesty, and grave misconduct in the handling of judiciary funds, based on the pleadings submitted; and
 - (b) **DEPOSIT**, within a non-extendible period of one (1) month from receipt of this Resolution, the remaining balance of the indicated shortages (to the fund accounts listed above), after Ms. Liza P. Castillo's total withheld salaries, ADCOM, and PERA (net deductions), and the money value of her leave credits had been applied to her accountabilities; and **FURNISH** the Chief, Fiscal Monitoring Division, Court Management Office, Office of the Court Administrator with copies of the corresponding machine-validated deposit slips;
5. **DIRECT** the Office of the Court Administrator to **IMMEDIATELY FILE** criminal and civil proceedings against Ms. Liza P. Castillo upon receipt of a Report from the Fiscal Monitoring Division, Court Management Office that she failed to retribute the portion of the shortages not covered by her withheld salaries, ADCOM, and PERA (net of deductions), and the money value of her leave credits, within a non-extendible period of one (1) month from her receipt of this resolution (dwelling on her case);
6. **DIRECT** Mr. Diego C. Iglesias to:
 - (a) **SUBMIT** to the incumbent Officer-in-Charge/Clerk of Court of the MCTC, San Fabian-San Jacinto, Pangasinan, for processing, as reimbursement upon Ms. Liza P. Castillo's restitution of her Sheriff's Trust Fund shortage of ₱23,500.00, the fifteen (15) disbursement vouchers, with a total mount of ~~₱4,400.00~~ (presented to but not processed by Ms. Liza P. Castillo), which detailed the expenses incurred in the service of court processes for the period of January 16, 2006 to March 19, 2007; and
 - (b) **TAKE INTO ACCOUNT**, in the processing of said vouchers, the ₱1,500.00 that Mr. Iglesias admitted (in his sworn statement of October 16, 2008) having received from Ms. Liza P. Castillo (as partial reimbursement of his traveling expenses);
6. **DIRECT** Mr. Romulo L. Visperas, Jr., the court's incumbent OIC, to:

- (a) **DEPOSIT** to the respective fund accounts, as instructed by the Fiscal Monitoring Division, Court Management Office of the Office of the Court Administrator, the checks to be sent to him by the Financial Management Office, OCA, to partially settle Ms. Liza P. Castillo's accountabilities; and FURNISH Ms. Liza P. Castillo and the Chief of the FMD, CMO with copies of the machine-validated deposit slips;
- (b) **CAUSE** the serving of a Summons to Ms. Alicia Q. Carrera at her last known address in order for her to account the over withdrawal of ₱3,000.00 she made against the Fiduciary Fund Account on July 20, 2001, reflected as follows:

O.R. No./Date	Case No.	Litigants/Payor	Date of Withdrawal/Amount/Recipient of Refund	Remarks
8264742/May 18, 2000	3982	PP vs. Emelio L. Abuan, Jr./Pedro C. Flores	July 20, 2001/ ₱10,000/Celma F. Pascua	Collected cash bond of ₱10,000.00 was reduced by the Judge to ₱7,000.00. ₱3,000.00 was refunded on 16 June 2000, leaving a balance of ₱7,000.00 only. Therefore, there was an overwithdrawal of ₱3,000.00

- (c) **HOLD IN ESCROW** the ₱2,000.00 which was deposited by Judge Aniceto L. Madronio, Sr. to the Fiduciary Fund Account on September 23, 2008, and **REFUND** the same to him upon his submission to the court's OIC/Clerk of Court and the Chief of the Fiscal Monitoring Division, Court Management Office, OCA of the required Special Power of Attorney supposedly issued by the bondsman in connection with the bond withdrawal listed below:

O.R. No./Date	Case No.	Litigants/Payor	Date of Withdrawal/Amount/Recipient of Refund	Remarks
1147782/ August 31, 2001	4358-59	PP v. Ador Ulanday/Dr. Eric Lazo	October 2, 2001/ ₱2,000.00/Clarita G. Bati	No SPA/ authorization letter

- (d) **HOLD IN ESCROW**, upon Ms. Liza P. Castillo's restitution of her Fiduciary Fund shortage of ₱282,499.98, the amount of ₱34,000.00 (representing the total amount of her withdrawals with lacking supporting documents), which shall be REFUNDED to her partially (on a per case

basis) or its entirety upon her presentation of some or all of the missing documents (mentioned underneath) to the court's OIC/Clerk of Court and the Chief of the Fiscal Monitoring Division, Court Management Office, OCA:

O.R. No./Date	Case No.	Litigants/Payor	Date of Withdrawal/Amount/Recipient of Refund	Remarks
8264740/May 5, 2000	1067	Armando Gonzales III vs. Lorenzo Maramba/Armando Gonzales III	May 15, 2002/ ₱10,000.00/Imelda Consolacion	No SPA/ authorization letter
11477864/ December 10, 2001	4430	PP vs. Noel Cerviza/Emily Cañero	August 14, 2003/ ₱2,000.00	No acknowledgment receipt
8264716/ October 8, 1999	3717 3719	PP vs. Emelita Soriano/Emelita Soriano	April 29, 2004/ ₱4,000.00	No acknowledgment receipt
8264703/ July 19, 1999	3544	PP vs. Jaime Aquino/Dionisio Sison	July 28, 2005/ ₱6,000.00	No acknowledgment receipt
4241227/ December 29, 2006	5299	PP vs. Jimmy Recodos/Marilou Recodos	January 2007/ ₱12,000.00/Jimmy Recodos	No acknowledgment receipt

(e) **PROCESS** as reimbursement, upon Ms. Liza P. Castillo's restitution of her Sheriff's Trust Fund shortage of ₱23,500.00, the fifteen (15) disbursement vouchers with a total amount of ₱4,400.00 (presented to but [not] processed by Ms. Liza P. Castillo) which detailed the expenses to be incurred by Mr. Diego C. Iglesias in the service of court processes for the period January 16, 2006 to March 19, 2007; and

(f) **TAKE INTO ACCOUNT**, in the processing of the disbursement vouchers, the ₱1,500.00 that Mr. Iglesias admitted (in his sworn affidavit of October 16, 2008) having received from Ms. Liza P. Castillo (as partial reimbursement of his traveling expenses); and

7. **DIRECT** Presiding Judge Ma. Theresa D. Guadaña-Tano to:

(a) **CLOSELY MONITOR** the financial transactions of the court, **otherwise**, she shall be held equally liable for the transactions committed by the employees under her supervision; and

(b) **STUDY and IMPLEMENT** procedures that shall strengthen the internal control over financial transactions. [emphases, italics and underscoring supplied]

On August 12, 2010, Castillo manifested before the Court that she intends to submit her comment on the complaint,⁴ which she did on September 14, 2010.⁵ She then reiterated the explanation she gave to the OCA regarding her accountabilities. Additionally, she expressed regrets for her failure to exercise the highest degree of diligence, efficiency, care and integrity in the custody of court collections. She averred that she persevered in her work although her salaries had been withheld. She pledged that she would not commit the same mistakes again and would be more careful in the performance of her duties. She pleaded that she be given the chance to continue serving in the Judiciary. In a different vein, she also alleged that there were several instances in the past when Judge Aniceto Madronio, Sr. would verbally order her to secure advances from court collections of cashbonds ordered released to the bondsmen.

Castillo also informed the Court that she had been asking the OCA's Fiscal Management Office (*FMO*) for the computation of her withheld salaries, ADCOM and PERA and the money value of her leave credits⁶ to determine how much she still had to raise to cover her accountabilities, but the FMO had not finished the computation yet; thus, she could not then deposit the remaining balance of her shortages. For this reason, she asked (by letter dated September 3, 2010⁷) for an extension of the period (which expired on September 5, 2010) given to her to settle her shortages until her withheld salaries, other benefits, leave credits and loan could be completely determined.

In a Resolution dated November 22, 2010,⁸ the Court referred Castillo's comment and letter to the OCA, and directed it to submit its recommendation on the case. On July 20, 2011, the OCA submitted a

⁴ *Id.* at 215-216.

⁵ *Id.* at 225-226.

⁶ *Id.* at 229-231.

⁷ *Id.* at 232-233.

memorandum-report⁹ based substantially on the audit team's report,¹⁰ and on the subsequent developments on the case. It decried Castillo's "delaying tactics" in settling her accountabilities. It noted that up to the issuance of the Court's November 22, 2010 Resolution,¹¹ Castillo's shortages remained outstanding and she needed to request for an extension of the period to settle these shortages. By January 2011, the OCA found that Castillo's withheld salaries and allowances were enough to cover her entire shortfall, and she applied a very large portion of the money value of her leave credits to her accountabilities.

The OCA reported that on January 25 and 26, 2011, the FMO issued several Land Bank checks (indicated in the matrix below) representing Castillo's withheld salaries and allowances, and the money value of the leave credits that had been applied to her accountabilities totaling ₱597,155.10:

FUND	SHORTAGE	CHECK NO.	DATE OF ISSUANCE	AMOUNT	DATE OF DEPOSIT
Judiciary Development Fund	₱ 63,868.62	416390	01/26/11	₱ 32,424.41	02/04/11
-do-	282,499.98	416391	01/26/11	31,444.21	-do-
Fiduciary Fund & Sheriff's Trust Fund	23,500.00	416386	01/26/11	5,445.28	02/15/11
-do-		416387	01/26/11	42,887.35	-do-
Fiduciary Fund		416388	01/26/11	116,506.06	-do-
-do-		416389	01/26/11	141,161.29	-do-
Special Allowance for the Judiciary Fund	193,286.50	416296	01/25/11	13,492.08	02/04/11
-do-		416392	01/26/11	179,794.42	-do-

⁸ *Id.* at 235-236.

⁹ *Id.* at 237-245.

¹⁰ *Supra* note 2.

¹¹ *Supra* note 8.

Mediation Fund	34,000.00	416297	01/25/11	9,642.03	02/09/11
-do-		416298	01/25/11	24,323.85	-do-
-do-				34.12	02/03/11
TOTAL	₱597,155.10			₱597,155.10 ¹²	

The OCA recommended that dismissal from the service (for gross neglect of duty, dishonesty and grave misconduct), be imposed on Castillo, together with accompanying administrative disabilities.

In a Resolution¹³ dated August 22, 2011, the Court required the parties to manifest whether they were willing to submit the case for resolution on the basis of the records.

On October 19, 2011, Castillo manifested that she was submitting the case for resolution, praying for a “more [humanitarian] resolution of her case” as she had been through so much suffering and anxiety because of the administrative complaint against her.¹⁴

The Court’s Ruling

We find the OCA’s recommendation for Castillo’s dismissal well-founded. Her transgressions as Clerk of Court II of the MCTC, San Fabian-San Jacinto, Pangasinan have been graver and have resulted in larger shortages in court collections than those of Clerk of Court II Victorio A. Dion, her predecessor.¹⁵ In *Office of the Court Administrator v. Dion*,¹⁶ the Court dismissed Victorio Dion based on the same charges lodged against Castillo, but for a court collection shortage amounting to ₱30,000.00 only or 5% of Castillo’s accountability of ₱597,155.10. As the OCA noted, Dion tried to refute the evidence presented against him, but in the end, he admitted

¹² *Rollo*, p. 243.

¹³ *Id.* at 375-376.

¹⁴ *Id.* at 378.

¹⁵ Who served from February 13, 1995 to February 28, 2001.

his misdeed; he later settled his accountability, but was nevertheless dismissed from the service by the Court.

Castillo deserves no less than the sanction meted on Dion. She readily admitted the large amounts of shortages she incurred in the court collections but failed to explain these shortages. Although she ultimately settled her accountabilities through her salaries, allowances and part of the monetary value of her leave credits, restitution of the deficit cannot erase the serious breach she committed in the handling of court funds, to the grave prejudice of the Court and the Judiciary as a whole.

Castillo miserably failed to carry out the responsibilities of her office. As we stressed in *Office of the Court Administrator v. Dureza-Aldevera*,¹⁷ the clerk of court is primarily accountable for all funds collected for the Court, whether personally received by him or by a duly appointed cashier under his supervision and control. As the custodian of court funds, revenues, records, properties and premises, he is liable for any loss, shortage, destruction or impairment of these funds and properties, and may be dismissed from the service for violation of this duty.¹⁸ For her serious breach of duty as clerk of court, Castillo should be removed from office.

Under Section 58(a), Rule IV of the Uniform Rules on Administrative Cases in the Civil Service, the penalty of dismissal shall carry with it the accessory penalties of cancellation of eligibility, forfeiture of retirement benefits, and perpetual disqualification from reemployment in the government service, unless otherwise provided in the decision. By jurisprudence, the Court has additionally imposed the forfeiture of all other benefits, except accrued leave credits, of an erring court employee who has

¹⁶ A.M. No. P-10-2799, January 18, 2011, 639 SCRA 640, 643.

¹⁷ A.M. No. P-01-1499, September 26, 2006, 503 SCRA 18, 45-46.

¹⁸ *Ibid*, citing *OCA v. Bernardino*, A.M. No. P-97-1258, January 31, 2005, 450 SCRA 88, 119-120.

failed to meet the strictest standards of honesty and integrity in the discharge of his/her judicial office in the management of court funds.¹⁹

With these considerations and in view of the enormity of Castillo's infidelity in the collection of court funds, we deem it appropriate to order the forfeiture of Castillo's retirement benefits and all other benefits due her, except accrued leave credits. To clarify, she is entitled to be paid the salaries and allowances she has earned up to the time of her dismissal, save only for what may be needed to cover her confirmed deficiencies for her accounts with the Court.

WHEREFORE, premises considered, Clerk of Court II Liza P. Castillo is **DISMISSED** from the service, effective from the date of finality of this decision, for gross neglect of duty, dishonesty and grave misconduct. She shall also suffer the **FORFEITURE** of all benefits still due her, except accrued leave credits, salaries and allowances earned that are in excess of what have been applied to her accountabilities, and **PERPETUAL DISQUALIFICATION FROM REEMPLOYMENT** in the government service, including government-owned and controlled corporations.

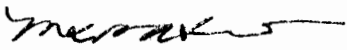
Acting Presiding Judge Rusty M. Naya is **DIRECTED** to:


1. Closely monitor the financial transactions of the 4th Municipal Circuit Trial Court (MCTC), San Fabian-San Jacinto, Pangasinan; otherwise, he shall be held equally liable for the infractions committed by employees under his supervision; and
2. Study and implement procedures that shall strengthen internal control over financial transactions of the MCTC.

¹⁹ *Office of the Court Administrator v. Nacuray*, 521 Phil. 32, 41 (2006); see also *OCA v. Yan*, 496 Phil. 843, 853 (2005); and *Office of the Court Administrator v. Dion*, *supra* note 16, at 644.

2. Study and implement procedures that shall strengthen internal control over financial transactions of the MCTC.


SO ORDERED.

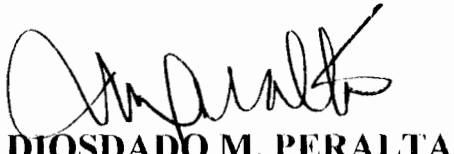

MARIA LOURDES P. A. SERENO
Chief Justice



ANTONIO T. CARPIO
Associate Justice

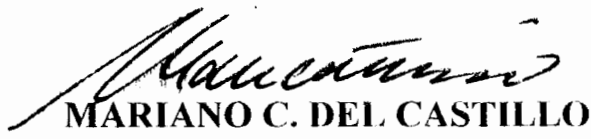

PRESBITERO J. VELASCO, JR.
Associate Justice



TERESITA J. LEONARDO-DE CASTRO
Associate Justice


ARTURO D. BRION
Associate Justice



DIOSDADO M. PERALTA
Associate Justice


LUCAS P. BERSAMIN
Associate Justice

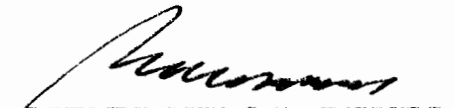

MARIANO C. DEL CASTILLO
Associate Justice



ROBERTO A. ABAD
Associate Justice

(On Leave)
MARTIN S. VILLARAMA, JR.
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


BIENVENIDO L. REYES
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice

