



Republic of the Philippines
Supreme Court
Manila

EN BANC

OFFICE OF THE COURT
ADMINISTRATOR,

Complainant,

A.M. No. P-06-2223

[Formerly A.M. No. 06-7-226-MTC]

Present:

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

- versus -

LORENZA M. MARTINEZ,
Clerk of Court, Municipal Trial
Court, Candelaria, Quezon.

Respondent.

Promulgated:

JUNE 10, 2013

X -----X

DECISION

PER CURIAM:

This administrative case arose from the financial audit conducted by the Court Management Office (CMO), Office of the Court Administrator (OCA), in the Municipal Trial Court of Candelaria, Quezon (MTC). The

* No part.

audit covered the accountabilities of Lorenza M. Martinez (*Martinez*), Clerk of Court, from March 1985 to November 2005.

In September 2004, the salaries of Martinez were withheld. Beginning December 2005, she was excluded from the payroll because of her failure to submit the monthly reports of collections and deposits as required by SC Circular No. 32-93.

The audit disclosed that Martinez incurred cash shortages in the Judicial Development Fund (*JDF*) in the amount of ₱12,273.33 and in the Fiduciary Fund (*FF*) in the amount of ₱882,250.00. The breakdown of Martinez’ cash accountabilities were as follows:

Judiciary Development Fund	
Total Collections	₱ 917,847.69
Less: Total Remittances	905,574.36
Balance of Accountabilities	<u>₱ 12,273.33</u>
Fiduciary Fund	
Total Collections	₱ 4,288,212.50
Less: Total Withdrawals	<u>3,020,712.50</u>
Unwithdrawn Fiduciary Fund as of November 30, 2005	₱ 1,267,500.00
Less: Bank Balance per LBP SA No. 2611-0011-02 net of unwithdrawn Interest of ₱816.98, as of November 30, 2005	385,250.00
Balance of Accountabilities	<u>₱ 882,250.00¹</u>

The audit team discovered that the shortages were due to the following manipulation of Martinez:

1. There were collections without the date of collection appearing on the face of either the duplicate or triplicate official receipt and were found undeposited, viz:

¹ *Rollo*, p. 10.

OR No.	Case No.	Amount
11445587	01-214	₱ 75,000.00
11445589	01-218	6,000.00
11445590	01-257	2,000.00
11445592	01-245	2,000.00
11445593	01-306	5,000.00
11445594	01-306	5,000.00
11445595	01-306	5,000.00
11445596	01-305	2,000.00
11445597	01-284	10,000.00
11445598	02-16	6,000.00
11445599	02-17	2,000.00
Total		₱ 120,000.00

There were also collections with different dates appearing on the face of the original and triplicate copies of OR² (Annexes 1.1 to 1.5), as follows:

OR No.	Date of Original OR	Date of Triplicate OR	Date of Deposit	Case No.	Amount
11445553	12-21-00	1-5-01	1-5-01	00-267	₱ 5,000.00
11445554	12-21-00	1-29-01	1-30-01	00-268	5,000.00
9972352	6-7-99	7-1-99	7-1-99	99-107	12,000.00
9972357	9-21-99	10-11-99	10-14-99	99-228	10,000.00
9972388	5-10-00	5-20-00	5-25-00	27420 & 27421	4,000.00
Total					₱36,000.00

In all cases, the duplicate and triplicate copies of OR will be carbon reproductions in all respects of whatever may have been written on the original. However, this was not observed by Ms. Martinez, instead she issued official receipts for collections received with the date of actual receipt posted on the original OR, while the duplicate and triplicate copies were left undated. She first used the money received as collections and when she regained it, the same was deposited, and that was the time when she posted a date on the duplicate and triplicate OR which is different from the date of the

² Official Receipts.

original OR. This was to cover her practice of delaying the remittance of collections. There were also times that the collections were not remitted at all, and the duplicate and triplicate ORs were remained undated up to date, as what had happened to the above undeposited collections of ₱120,000.00.

2. Ms. Martinez used a single OR for both JDF and FF collections, the original OR was used for FF and its corresponding duplicate and triplicate copies were used for JDF (Annexes 2.1 to 2.11), viz:

OR No.	JDF		FF		
	Date of Collection	Amount	Date of Collection	Case No.	Amount
9972099	12-10-98	₱ 10.00	6-6-95	4470	₱ 6,000.00
14392168	10-17-01	10.00	10-18-01	01-234	5,000.00
11445533	11-9-00	10.00	5-21-99	99-103 to 106	30,000.00
9972266	5-7-99	10.00	2-23-99	99-50	30,000.00
9972267	5-7-99	10.00	2-24-99	99-50	30,000.00
9972789	4-18-00	10.00	11-20-99	99-235	40,000.00
9972410	7-9-99	10.00	5-15-99	99-97	15,000.00
9972265	5-7-99	10.00	1-20-98	5561	10,000.00
9972838	5-24-00	10.00	11-12-96	5098	2,000.00
11445534	11-9-00	10.00	10-7-98	5619	10,000.00
14392156	10-12-01	10.00	6-27-01	01-128	10,000.00
15381554	7-10-02	10.00	6-7-02	02-135	12,000.00
15381257	2-4-02	10.00	2-1-02	01-28	30,000.00
Total		130.00			₱ 230,000.00

Verification revealed that the ₱130.00 collections for JDF were reported and deposited. On the other hand, the ₱230,000.00 collections for FF were unreported and undeposited. This practice was a clear violation of the following provisions of Circular No. 22-94 dated April 8, 1994:

x x x x

3. A total of ₱90,000.00 were accounted as bonds that were withdrawn twice. Details are as follows:

OR No.	Case No.	Date of 1 st Withdrawal	Date of 2 nd Withdrawal	Amount
4491458	4320	4-21-95	9-19-02	₱ 12,000.00
4491470	4290 & 4295	4-28-95	7-16-97	6,000.00
5129970	4557	8-10-00	12-15-00	3,000.00
6419483	5089	6-9-00	2-28-02	12,000.00
9972398	00-88	8-16-00	2-8-01	10,000.00
7557979	5090	8-10-00	9-26-02	12,000.00
7557997	99-97	7-9-99	12-7-99	15,000.00
9972356	99-227	5-25-00	3-14-01	10,000.00
9972357	99-228	5-25-00	3-14-01	10,000.00
Total				₱ 90,000.00

The above double withdrawals were made possible because only Ms. Martinez signed the withdrawal slips, in violation of Circular No. 50-95 dated October 11, 1995 which requires both the signatures of the Executive Judge/Presiding Judge and the Clerk of Court in making withdrawals of FF. Hon. Felix A. Caraos, Presiding Judge, when informed on this matter, immediately wrote a letter to the manager of LBP, Candelaria Branch (Annex 3), notifying the same that he will be jointly allowed to withdraw from the FF account of the court with Mr. Apolonio M. Sugay, designated Officer-in-Charge on December 6, 2005.

4. The bonds posted in Case Nos. 5528 and 5529 entitled “*PP. vs. Amelita Ramilo for Violation of BP 22*” amounting to ₱26,000.00 each were reported as withdrawn on November 1999. However, records revealed that there were no court orders that were issued to support the withdrawals. Therefore, the withdrawals made were unauthorized. The signatures of Ms. Ramilo on the herein attached acknowledgement receipt (Annex 4) were clearly forged as these were totally different to her signatures that were retrieved on the casefolders of the above cases (Annex 5.1 to 5.2).

5. The bond posted in Case No. 00-88 under OR No. 9972398 in the amount of ₱10,000.00 was withdrawn on August 16, 2000. However, through a fictitious court order (Annex 6), the same was again withdrawn on February 8, 2001. Said fictitious court order was accomplished by altering the Case No. from 5662 to 00-88. All the entries in the herein attached court order of Case No. 5662 (Annex 7) were the same with the entries in the fictitious court order except that of the case number. Also, the signature in the acknowledgment receipt of Ms. Lerma M. Mediavillo (Annex 8), the accused of Case No. 00-88 and not Ms. Nila Carreon as appearing in the fictitious court order, was forged because this was entirely

unlike her signature that was retrieved on the casefolder of Case No. 00-88 (Annex 9).³

Acting on the report and recommendation⁴ of the OCA, the Court, in its Resolution,⁵ dated August 2, 2006, directed Martinez to (1) explain her failure 1.a] to collect fees accruing to the General Fund and Mediation Fund, 1.b] to present the JDF official receipts and monthly reports covering the period from March 1985 to December 1995, and 1.3] to deposit her collections on time; (2) explain the discrepancies of the entries in the original and triplicate copies of the official receipts of the FF collections; (3) explain why she used the original OR for the FF collection and its corresponding duplicate or triplicate copies for the JDF collections; (4) explain the double withdrawal of the bonds and their withdrawal without the necessary court orders; and (5) reconstitute her shortages. The Court also ordered her suspension pending resolution of the case and issued a hold departure order against her to prevent her from leaving the country.

In a letter,⁶ dated September 4, 2006, Martinez averred that the shortage only amounted to ₱540,273.33 and denied responsibility for the shortage in the JDF as it was the court's Clerk II who did the transactions. Martinez asked for a reconsideration of her suspension citing her 28 years of service as basis and begged for the release of her withheld salary.

On August 22, 2006, the Bureau of Immigration issued an order directing the issuance of the hold departure order against Martinez.⁷

As of January 30, 2012, Martinez had failed to explain and reconstitute her shortages as required in the Court's August 2, 2006 Resolution.⁸ Consequently, the Court issued a resolution⁹ requiring her to show cause why she should not be disciplinarily dealt with or held in contempt for such failure.

In a letter,¹⁰ dated May 8, 2012, Martinez explained that her failure to reconstitute the shortages was due to her lack of means to do so because she had been suspended from the service since August 2004. She manifested that if the Court would permit her to resign effective May 8, 2012, she would apply her benefits or separation pay to her shortages and would settle the remaining balance in staggered payments.

³ Id. at 6-8.

⁴ Memorandum dated June 30, 2006, id. at 1-3.

⁵ Id. at 41-47.

⁶ Id. at 55-56.

⁷ Id. at 67.

⁸ Certifications from the Fiscal Monitoring Division and OCA, id. at 78-79.

⁹ Id. at 80.

¹⁰ Id. at 82-83.

The said letter was referred to the OCA for evaluation, report and recommendation.

In a Memorandum,¹¹ the OCA recommended that:

- 1) Ms. Lorenza M. Martinez, Clerk of Court, MTC, Candelaria, Quezon, be **DISMISSED** from the service for gross dishonesty resulting in malversation of judiciary funds, with forfeiture of all retirement benefits, excluding accrued leave credits, with prejudice to re-employment in any government office, including government- owned and controlled corporations;
- 2) the Office of the Administrative Services (OAS), Office of the Court Administrator (OCA), be **DIRECTED** to **COMPUTE** the balance of earned leave credits of Ms. Lorenza M. Martinez, and forward the same, together with her Official Service of Records and Notice of Salary Adjustments (NOSA), to the Financial Management Office (FMO), OCA, for the processing of her terminal leave pay;
- 3) the Financial Management Office, OCA, upon receipt of the records and documents from the OAS, OCA, be **DIRECTED** to **COMPUTE** and **APPLY** the withheld salaries and the monetary value of the earned leave credits of Ms. Lorenza M. Martinez to the cash shortages incurred in the Fiduciary Fund;
- 4) Mr. Apolonio M. Sugay, Officer-in-charge, MTC, Candelaria, Quezon be **DIRECTED** to **DEPOSIT** the check representing the total amount of the withheld salaries and monetary value of the earned leave credits of Ms. Lorenza M. Martinez to the Fiduciary Fund account, as partial payment of the cash shortages incurred, within five (5) days from receipt of the check from the Checks Disbursement Division, FMO, OCA, and **FURNISH** immediately the Fiscal Monitoring Division, Court Management Office, OCA, with a machine validated copy of the deposit slip;
- 5) Hon. Judge Felix A. Caraos, MTC, Candelaria, Quezon, be **DIRECTED** to **STRICTLY MONITOR** Mr. Apolonio M. Sugay, Officer-in-Charge, MTC, Candelaria, Quezon, to ensure strict compliance with the circulars and issuances of the Court, particularly in the handling of judiciary funds, otherwise, he shall be held equally liable for the infractions committed by the employee/s under his command/supervision; and

¹¹ Id. at 89-93.

6) the Legal Office, OCA, be DIRECTED to proceed with the filing of the appropriate criminal case against Ms. Lorenza M. Martinez.

The Court substantially agrees with the recommendation of the OCA.

Doubtless, Martinez violated OCA Circular No. 26-97, which directs judges and clerks of court to strictly comply with the provisions of the Auditing and Accounting Manual, particularly Article VI, Sections 61 and 113 thereof, which require collecting officers to promptly issue official receipts for all money received by them. She likewise violated OCA Circular No. 50-95 which mandates all clerks of court to deposit, within 24 hours from receipt, all collections from bailbonds, rental deposits and other fiduciary collections.

These directives are mandatory and designed to promote full accountability for government funds.¹² Clerks of Court, as custodians of the court funds and revenues, are obliged to immediately deposit with the Land Bank of the Philippines (*LBP*) or with any authorized government depository, their collections on various funds because they are not authorized to keep funds in their custody.¹³

In this case, Martinez failed to present a satisfactory explanation regarding her cash shortages, her improper use of official receipts and the withdrawal of cash bonds. Her contention that it was the cash clerk who was responsible for the JDF fund is untenable. As Clerk of Court, she was the court's accountable officer. It was not the cash clerk. It was her duty to supervise and monitor her subordinate to ensure that the proper procedures were followed in the collection of the court's funds. Being the custodian of the court's funds, revenues, records, properties, and premises, she was liable for any loss, shortage, destruction or impairment of such funds and property.¹⁴

Time and again, the Court reminds that "those charged with the dispensation of justice, from the justices and judges to the lowliest clerks, should be circumscribed with the heavy burden of responsibility. A public servant is expected to exhibit, at all times, the highest degree of honesty and integrity, and should be made accountable to all those whom he serves. There is no place in the Judiciary for those who cannot meet the exacting standards of judicial conduct and integrity. The Court condemns and would

¹² *Office of the Court Administrator v. Fontanilla*, A.M. No. P-12-3086, September 18, 2012, 681 SCRA 17.

¹³ *Office of the Court Administrator v. Cruz*, A.M. No. P-11-2988, December 12, 2011, 662 SCRA 8, 11.

¹⁴ *Office of the Court Administrator v. Marasigan*, A.M. No. P-05-2082, November 29, 2011, 661 SCRA 464, 480.

never countenance any conduct, act or omission on the part of all those involved in the administration of justice which would violate the norm of public accountability and would diminish, or even just tend to diminish, the faith of the people in the Judiciary."¹⁵

In one case, *Re: Financial Audit on the Books of Account of Ms. Laura D. Delantar, Clerk of Court, MTC, Leyte, Leyte*,¹⁶ the Court dismissed the clerk of court for misappropriating the court's collection, for tampering the official receipts and cash book, and for failing to record and remit collections and to submit the necessary monthly reports.

Also, in the case of *Office of the Court Administrator v. Nacuray*,¹⁷ the clerk of court falsified the official receipts and the monthly report of collections and withdrawals. The Court found her guilty of gross dishonesty and grave misconduct and imposed upon her the penalty of dismissal. In *OCA v. Santos*,¹⁸ a clerk of court suffered a similar fate for the same reasons.

WHEREFORE, finding respondent Lorenza M. Martinez, Clerk of Court of the Municipal Trial Court of Candelaria, Quezon, **GUILTY** of Gross Neglect of Duty, Dishonesty, and Grave Misconduct, the Court hereby orders her **DISMISSAL** from the service, with forfeiture of all her benefits and perpetual disqualification from re-employment in the government service.

Martinez is **ORDERED** to immediately **RESTITUTE** the shortages in the Judiciary Development Fund in the total amount of ₱12,273.33 and in the Fiduciary Fund in the total amount of ₱882,250.00.

The Office of Administrative Services, Office of the Court Administrator, is **ORDERED** to compute the balance of the earned leave credits of Martinez and to forward it to the Finance Division, Financial Management Office, Office of the Court Administrator, including the certified true copies of her computerized service records and notices of salary adjustment.

¹⁵ *Office of the Court Administrator v Recio*, A.M. No. P-04-1813, May 31, 2011, 649 SCRA 552, 572.

¹⁶ 520 Phil. 434 (2006).

¹⁷ 521 Phil. 32 (2006).

¹⁸ A.M. No. P-06-2287 [Formerly A.M. No. 06-11391-MTC], October 12, 2010, 632 SCRA 678.

The Financial Management Office, Office of the Court Administrator, is **DIRECTED** to compute and process the monetary value of leave credits and other benefits due to Martinez, including her withheld salaries and allowances, and apply the same to her accountabilities.

Lorenza M. Martinez is also **DIRECTED** to deposit, within a non-extendible period of one (1) month from receipt of notice, any remaining balance of the indicated shortages to the corresponding fund accounts, after the total money value of her leave credits and withheld salaries and allowances (net of deductions) have been applied to her accountabilities, and to furnish the Chief, FMD, CMO-OCA, copies of the corresponding machine-validated deposit slips.


The Legal Office, Office of the Court Administrator, is **DIRECTED** to immediately file appropriate criminal and civil proceedings against Martinez upon receipt of the Report from the FMD, CMO-OCA, that she failed to reconstitute the portion of their shortages not covered by the money value of their leave credits and the withheld salaries and allowances (net of deductions).

Mr. Apolonio M. Sugay, Officer-in-Charge, Municipal Trial Court, Candelaria, Quezon, is **DIRECTED** to deposit to the respective fund accounts (as instructed by the FMD, CMO-OCA), the checks to be sent to him by the FMO-OCA, to settle the accountabilities of Martinez and furnish the latter and the Chief, FMD, CMO-OCA, copies of the machine-validated deposit slips.

Judge Felix A. Caraos, Municipal Trial Court, Candelaria, Quezon, is **DIRECTED** to closely monitor the financial transactions of the court, otherwise, he shall be held equally liable for the infractions committed by the employees under his supervision, and to study and implement procedures that will strengthen the internal control over financial transactions.

SO ORDERED.


MARIA LOURDES P. A. SERENO
Chief Justice




(On Leave)

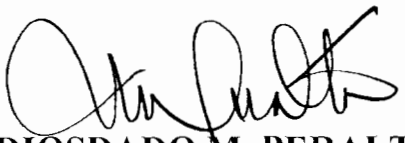
ANTONIO T. CARPIO
Associate Justice

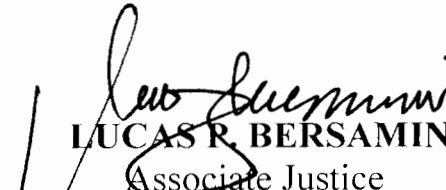
(No part)

PRESBITERO J. VELASCO, JR.
Associate Justice



TERESITA J. LEONARDO-DE CASTRO
Associate Justice

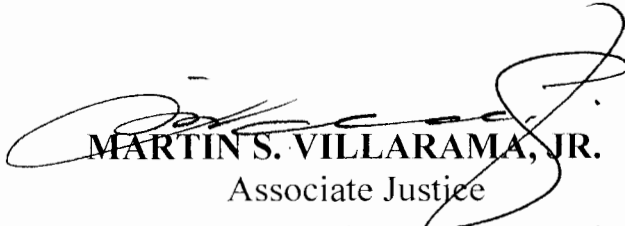

ARTURO D. BRION
Associate Justice


DIOSDADO M. PERALTA
Associate Justice



LUCAS R. BERSAMIN
Associate Justice


MARIANO C. DEL CASTILLO
Associate Justice


ROBERTO A. ABAD
Associate Justice


MARTIN S. VILLARAMA, JR.
Associate Justice

(No part)
JOSE PORTUGAL PEREZ
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


BIENVENIDO L. REYES
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice


MARVIC MARIO VICTOR F. LEONEN
Associate Justice