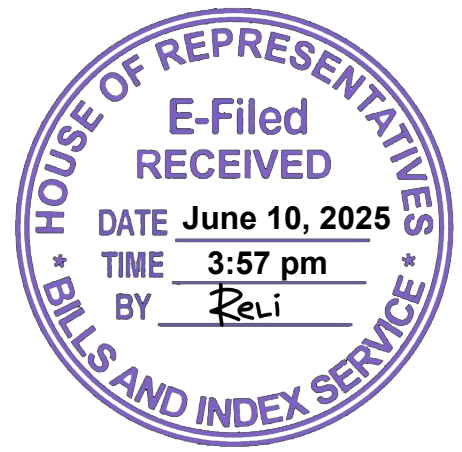


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
Third Regular Session



COMMITTEE REPORT NO. 1499

Submitted by the Committee on Public Accounts on **June 10, 2025**

RE: House Resolution No. 2102

Informing the House of its findings and recommendations.

Sponsors: Representatives Joseph Stephen 'Caraps' S. Paduano and Robert Raymund M. Estrella

Mr. Speaker:

The Committee on Public Accounts to which was referred House Resolution No. 2102 entitled: Resolution Directing the Committee on Public Accounts and Other Appropriate Committees of the House of Representatives to Conduct an Inquiry, In Aid of Legislation, Into the Alleged Misuse of Public Funds and Irregularities in the Operations of the Office of the Mayor and Vice Mayor of the Municipality of Mataas Na Kahoy, Batangas, Under Mayor Janet Ilagan and Vice Mayor Jay Manalo Ilagan, has considered the same and recommends the adoption of the attached Report, including the findings and recommendations contained therein.

Respectfully submitted,


JOSEPH STEPHEN "CARAPS" S. PADUANO
CHAIRPERSON
COMMITTEE ON PUBLIC ACCOUNTS

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY

A. PREFATORY STATEMENT

On November 27, 2024, House Resolution No. 2102 was filed, urging the Committee on Public Accounts to conduct an inquiry, in aid of legislation, into the alleged misuse of public funds and irregularities in the operations of the Office of the Mayor and Vice Mayor of Mataas Na Kahoy, Batangas.

On December 4, 2024, during Session No. 19-3RS-025, the resolution was read and subsequently referred to the Committee on December 18, 2024.

Sometime in December 2024, the Committee received a copy of the complaint filed with the Office of the Ombudsman by the People's Coalition Against Crime and Corruption Group, represented by Antonio A. Alabata, against Mayor Janet Ilagan. The said complaint was filed on December 10, 2024.

The complaint pertains to, among others, the implementation of eleven (11) projects funded under the 20% Development Fund with a total appropriation of Php22,391,812.87, wherein seven (7) projects were delayed and four (4) remained unimplemented as of December 31, 2022. In addition, the complaint alleges that extensions of contract time were granted in favor of the contractor for the completion of three (3) infrastructure projects with a total contract amount of Php4,666,652.58, in a manner inconsistent with the requirements of the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184, or the Government Procurement Reform Act.

Due to the referral of the aforementioned resolution and the gravity of the allegations contained in the complaint, the Committee resolved to conduct three (3) investigative hearings on December 18, 2024, January 15 and 27, 2025.

The following resource persons attended:

- Mayor Janette M. Ilagan
- Vice Mayor Jay M. Ilagan
- Councilor Ferdinand Dimaano
- Councilor Karen Joy Laqui
- Councilor Atty. Rowell Malabag
- Councilor Herwin del Mundo
- Councilor Lemuel de Ocampo
- Councilor Pepito Vergara
- Councilor Lourdes Calinisan
- Councilor Merlyn Caraan Laqui
- Councilor Novolito Manalo
- Rodante G. de Leon – Business Permits and Licensing Officer
- Emilia Malaluan – General Services Officer
- Engr. Michael Olarte – Municipal Planning and Development Coordinator
- Rosarie dela Paz – Municipal Budget Officer
- Lenilyn Caraan – Bids and Awards Committee Member
- Feliciano Gonzales – Municipal Assessor
- Engr. Nenet Fernandez – Municipal Engineer
- Sherlyn T. Sagun – Municipal Administrator
- Maria Vanessa C. Briones-Vegas – Audit Team Leader, Commission on Audit (COA)
- Ma. Teresa C. de Castro – OIC Audit Team Leader, COA

- Vryan R.V. de Chavez – OIC Audit Team Leader, COA
- Ma. Teresa C. de Castro – OIC Audit Team Leader, COA
- Atty. Mia Margaritha T. Cabello – Audit Team Leader, COA
- Elena L. Luarca – State Auditor, COA
- Christian E. Garcia – State Auditor, COA
- Atty. Mark Ranier C. Arenas – Division Chief, Legal, COA
- Atty. Patrick Ryan G. Teves – Division Chief, Fraud Audit, COA
- Atty. Riza L. Candalan-Melgano – Regional Fraud Audit, COA
- Atty. Kaye Antonette B. Quizon – Department of the Interior and Local Government (DILG)
- Atty. Jordan V. Nadal – DILG
- Regional Director Jean Paul Ilaos – Department of Human Settlements and Urban Development
- Chief Salvalente Thaddeus B. Elizalde – Land Registration Authority
- Antonio Alabata – People’s Coalition Against Crime and Corruption Group

After 3 meetings, the Committee terminated the deliberation on June 3, 2025.

B. STATEMENT OF FACTS

The following facts were gathered during the hearings:

- During the hearing on December 18, 2024, Mr. Antonio A. Alabata, the authorized representative of the People's Coalition Against Crime and Corruption Group, attested before the Committee the allegations contained in the complaint filed before the Office of the Ombudsman against Mayor Janet Ilagan and Vice Mayor Jay Manalo Ilagan, highlighting violations of RA No. 3019 or the Anti-Graft and Corrupt Practices Act, RA 9184 or the Government Procurement Reform Law, and accusations of grave misconduct and gross negligence.
- Pursuant to its oversight mandate, the Committee undertook a review of the COA Annual Audit Reports on the Municipality of Mataas na Kahoy for the calendar years 2021 to 2023.
- As of December 31, 2023, the Municipality had unsettled audit suspensions, disallowances, and charges amounting to Php1,022,001.80, ordered by the COA.
- During the hearing, Mayor Janet Magpantay Ilagan of Mataas na Kahoy, Batangas, stated that the Municipality had achieved significant progress, including its elevation to a 3rd class municipality and the receipt of various awards and recognitions. These included being cited as a model local government unit (LGU) for the 4Ps program, receiving the Seal of Good Financial Housekeeping, attaining PRIME-HRM Maturity Level II Accreditation, and earning distinctions in disaster preparedness. She attributed these accomplishments to support from the national government and affirmed the municipality’s commitment to transparency, accountability, and public service.

C. ISSUE

Whether or not Mayor Janet Ilagan and Vice Mayor Jay Manalo Ilagan misused public funds and committed irregularities in the operations of the Municipality of Mataas na Kahoy, Batangas.

D. DISCUSSIONS ON FINDINGS

I. Mayor Janet Ilagan and Vice Mayor Jay Manalo Ilagan misused public funds and committed irregularities in the operations of the Municipality of Mataas na Kahoy, Batangas.

The Committee based its findings from the following evidentiary facts:

a. Testimony of Mr. Antonio A. Alabata

Referring to the COA Annual Audit Report for Calendar Year 2022 on Mataas na Kahoy, Mr. Alabata stated that eleven (11) out of twenty-five (25) projects funded under the 2022 20% Development Fund amounting to Php22,391,812.87 were either delayed or unimplemented due to the respondent's failure to ensure proper planning and readiness, in violation of DBM-DOF-DILG Joint Memorandum Circular No. 1, s. 2020.

The Municipal Budget Officer, Ms. Rosarie De La Paz, clarified that the Php22.3 million represents unimplemented projects accumulated across multiple years. She confirmed that the 11 projects included:

- 1 project from 2019
- 1 project from 2020
- 4 projects from 2021
- 5 projects from 2022

As of 2025, nine out of the 11 projects were now completed, with two still pending for completion within the year.

The Audit Report further revealed that unjustified extensions of contract time were granted in connection with three infrastructure projects with an aggregate cost of Php4,666,652.58, in violation of Item 10.1 of Annex "E" of the Revised IRR of RA 9184.

It also disclosed that certain contractors submitted their requests for contract time extensions well beyond the prescribed period of 30 days from the occurrence of the event justifying the extension, as required under applicable procurement and infrastructure guidelines.

These belated submissions, and their subsequent approval by the local officials of the Municipality, constituted manifest partiality and evident bad faith.

Such actions, if duly established through appropriate proceedings, would constitute not only a breach of procurement laws and regulations but may also give rise to criminal liability, particularly under RA 3019, and other applicable penal statutes.

These acts also violate Sections 3 and 4 of Joint Memorandum Circular (JMC) No. 1 (November 4, 2020) of the Department of Budget and Management (DBM), Department of Finance (DOF), and DILG.¹

Sections 3 and 4 of JMC No. 1 enjoins the LGUs to observe the following policies and guidelines and place full responsibility and accountability on local chief executives to ensure that 20% DF projects are well-planned, implementation-ready, and compliant with applicable guidelines.

b. Findings on Property, Plant, and Equipment (PPE) Accounts

Under COA Circular No. 2020-006, LGUs are mandated to undertake a one-time cleansing of PPE accounts, including a complete physical inventory, reconciliation of balances, and updating of accounting records to ensure accuracy and reliability. Compliance is a ministerial duty required for sound fiscal management.

The rationale behind these rules is to prevent the loss, misuse, or deterioration of government properties. By requiring a complete and verified record of all PPE, the regulation aims to safeguard public assets from potential misappropriation, theft, or neglect. Failure to comply with these measures compromises transparency and weakens internal control mechanisms, thereby increasing the risk of fraud and inefficiencies in the management of government resources.

As of December 31, 2023, an unreconciled discrepancy amounting to Php49,937,786.96 persists between the balances reflected in the Report on the Physical Count of PPE (RPCPPE) and those recorded in the books of accounts. Such a significant variance undermines the reliability of the Municipality's financial reports and may indicate deficiencies in asset management, inventory control, and compliance with accounting standards. Mayor Janet Ilagan acknowledged the issue and stated that an Inventory Committee composed of representatives from key offices had been formed.

The Municipality failed to fully implement the mandated one-time cleansing of PPE accounts, as required under COA Circular No. 2020-006. This failure to reconcile and cleanse PPE records, despite clear regulatory guidance, may constitute gross negligence in the performance of official duties, in violation of existing auditing and accounting rules, and may expose the concerned officials to administrative and other legal liabilities under applicable laws and COA rules.

Municipal Budget Officer Rosarie C. de la Paz and General Services Officer Amelia R. Malaluan reported that the LGU had substantially complied with COA Circular No. 2020-006 and that reconciliation efforts are ongoing. Ms. Malaluan confirmed that reconciliations and physical inventories had been conducted, but an unreconciled amount of Php15 million remains.

The Municipality's assertion of "substantial compliance" with COA Circular No. 2020-006 does not discharge its legal obligation to fully implement the prescribed one-time cleansing of PPE accounts. The persistent discrepancy of Php49,937,786.96 between the RPCPPE and the books of accounts, the incomplete PPE Ledger Cards, and the partial inventory coverage reflect continuing non-compliance with audit regulations and accounting standards.

Further, the Municipality must maintain complete and updated PPE Ledger Cards and conduct an annual physical inventory, with findings to be reconciled with accounting records. Incomplete

¹ Revised Guidelines on the Appropriation and Utilization of the Twenty percent (20%) of the Annual Internal Revenue Allotment for Development Projects (LGUs)

implementation defeats the purpose of these provisions and undermines the accuracy of the government's financial position.

Thus, partial compliance does not rectify the deficiency. The Municipality is required to fully comply with all the prescribed requirements to uphold public accountability, ensure the accuracy of asset reporting, and prevent potential legal consequences arising from these audit violations.

c. Non-compliance with the rules on reclassification

The Committee requested from the Municipality the submission of documents relating to the latter's purchase of real properties in 2020. Ms. De La Paz confirmed the purchase of two adjacent lots in 2020 for a total of Php8.4 million pesos. The purchase was funded from the development fund.

When queried by the Committee regarding the classification of the subject property prior to its acquisition, Ms. Feliciano O. Gonzales of the Municipal Assessor's Office confirmed that the property was classified as agricultural land at the time of purchase.

Mayor Ilagan stated that, prior to the acquisition, the proposed purchase was presented to the Municipal Development Council (MDC) for its consideration and endorsement, with inputs from the barangay captains. However, the Committee emphasized that the mere endorsement of the MDC does not cure the legal defect resulting from the failure to properly reclassify the agricultural land before it can be lawfully sold to the local government for residential, commercial, or other non-agricultural purposes.

Reclassification is a mandatory legal requirement that must be effected through an appropriate ordinance passed by the Sangguniang Bayan, subject to review and approval by the Sangguniang Panlalawigan, pursuant to RA 7160 or the Local Government Code and applicable rules. In the absence of such reclassification and the requisite clearances, any acquisition or disposition of agricultural land for other purposes is legally infirm and potentially void.

Assuming that a reclassification ordinance was indeed enacted, the Committee stresses that such ordinance cannot be validly approved or implemented in the absence of full compliance with the legal and documentary requirements mandated under applicable laws, rules, and regulations. The reclassification of agricultural land requires not only legislative action by the Sangguniang Bayan but also the submission of the following substantive and procedural requirements:

- A formal application letter addressed to the Sangguniang Bayan requesting reclassification;
- Proof of ownership of the subject property, including a duly certified true copy of the Transfer Certificate of Title (TCT) or Original Certificate of Title issued by the Register of Deeds, dated within thirty (30) days prior to the filing of the application;
- A vicinity map and location plan, clearly indicating the TCT number, Lot number, and titled area, duly prepared and signed by a licensed Geodetic Engineer, with sufficient reference points to establish the exact identity of the property;

- A certification from the Municipal Agriculture Officer, as required under Section 20 of RA 7160;
- A certified true copy of the current year's Tax Declaration covering the subject property;
- Official receipt evidencing payment of the prescribed filing and inspection fees;
- Barangay Clearance issued by the concerned barangay where the property is located;
- A certification from the Department of Environment and Natural Resources stating that the land is classified as alienable and disposable, and not needed for forest or watershed purposes;
- A certification from the Department of Agriculture stating the total area of existing agricultural and/or sugar lands in the municipality;
- A certification from the Department of Agrarian Reform (DAR) indicating that the land is not covered by the Comprehensive Agrarian Reform Program, nor subject to any Notice of Coverage or Valuation;
- A certification from the National Irrigation Administration affirming that the area sought to be reclassified is not covered by Presidential Administrative Order No. 20, series of 1992, or other applicable irrigation regulations;
- A certification from the Housing and Land Use Regulatory Board (HLURB) specifying the total area of zoned agricultural lands in the LGU based on its approved Comprehensive Land Use Plan (CLUP) or Zoning Ordinance, prior to the reclassification application;
- Proof of submission of the reclassification application to the HLURB, as well as the results of its review and public consultation thereon.

Failure to strictly comply with the foregoing requirements, any ordinance purporting to reclassify agricultural land is fatally defective, and any subsequent transaction or disposition based thereon is susceptible to invalidation and legal challenge.

For ownership of public lands, the following constitutional provisions are relevant:

Section 2, Article XII of the Constitution

Section 2. All lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources are owned by the State. With the exception of agricultural lands, all other natural resources shall not be alienated. [...]

Section 3, Article XII of the Constitution

Section 3. Lands of the public domain are classified into agricultural, forest or timber, mineral lands, and national parks. Agricultural lands of the public domain may be further classified by law according to the uses to which they may be devoted. Alienable lands of the public domain shall be limited to agricultural lands. Private corporations or associations may not hold such lands of the public domain except by lease, for a period not exceeding twenty- five years, renewable for not more than twenty-five years, and not to exceed one hundred thousand hectares in area. Citizens of the Philippines may lease not more than five hundred hectares, or acquire not more than twelve hectares thereof by purchase, homestead, or grant. []

The cited Constitutional provisions dictate that only agricultural lands of the public domain may be declared alienable and susceptible of private ownership. The Supreme Court has held that private ownership under Section 3, Article XII of the Constitution "contemplates not only ownership by private persons, but also ownership by the State, provinces, cities, and municipalities in their private capacity."²

The Committee took particular note of the admission made by Mayor Janet Ilagan and Vice Mayor Jay Ilagan, who acknowledged during the hearing that these legal requirements were not met. Instead, they claimed that their actions were based merely on common practices observed in other LGUs. The Committee found this justification to be wholly unacceptable.

Public officials are expected to exercise their powers with utmost diligence and in strict conformity with the law. The failure to observe established legal procedures in the transactions under scrutiny underscores the imperative for the DILG and the Provincial Government of Batangas to assess the continued fitness of the officials concerned to remain in public office, and, if warranted, to initiate the filing of appropriate administrative or criminal charges.

E. Other findings

1. Relocation of informal settlers

In 2016, the municipal government allocated a budget of Php5 million for the purchase of land intended for the relocation of informal settlers near the municipal hall. However, the amount was insufficient to cover the cost of the intended property. Thus, the allocation was not utilized for its original purpose due to inadequacy and converted into a continuing appropriation.

In 2021, an additional Php8.5 million was spent for the purchase of land, bringing the total amount spent to Php13.5 million.

The property purchased with the additional funds was used for both resettlement purposes and the planned construction of government offices, namely the Bureau of Fire Protection, Philippine National Police, and the Local Disaster Risk Reduction offices.

The Committee noted irregularities in fund utilization and deviations from standard procedures as the reallocation of funds for purposes different from the original appropriation may constitute technical malversation.

This may also constitute a violation of Section 305 of RA No. 7160, as well as PD 1445, which emphasizes the principle of fiscal responsibility. The apparent use of the Php5 million appropriation from 2016 for a different property purchase, without clear evidence of compliance with the required authorization process, raises serious concerns of fiscal mismanagement and misuse of public funds.

Rep. Dan Fernandez questioned whether the LGU still violated the law even after paying liquidated damages. Ms. De Castro confirmed that while liquidated damages were imposed on one project, the LGU had still approved the contract extension beyond the allowed period, which constituted a violation of RA 9184.

² Republic v. Pasig Rizal Co., Inc., G.R. No. 213207, February 15, 2022

2. Payment of Wages Below the Minimum Wage

Findings from the 2021–2023 COA Annual Audit Reports on the Municipality of Mataas Na Kahoy revealed the payment of wages below the prescribed minimum wage to approximately 120 job order workers. The COA, through its audit team represented by Ms. De Castro, confirmed that in 2022, the Municipality paid daily wages of Php315 and Php325 to job order workers, which were below the mandated minimum wage for that period.

Ms. De Castro clarified that the Municipality of Mataas Na Kahoy subsequently adjusted the wage rate to Php350 per day, thereby aligning with the applicable minimum wage standards for 2022. COA had issued audit recommendations directing the municipal government to address the wage discrepancies. As of December 31, 2023, while the municipal government had corrected the wage rate moving forward, it had not retroactively adjusted or compensated the affected workers for the wage differentials corresponding to prior periods when the wages were below the minimum.

3. Unaccounted receipts and utilization of COVID-19 vaccines

The municipal government failed to properly account for the receipt, issuance, and distribution of donated COVID-19 vaccines from the Department of Health and the City of Santo Tomas, Batangas. Although the municipality provided information on the quantity of vaccines received and distributed, it did not account for the associated costs. Despite COA's repeated validation efforts, the municipality had not submitted the necessary cost details as of December 31, 2023.

At the time of the inquiry, it remained unclear whether the municipal government had complied, due to its failure to submit the required supporting documents and the ambiguous responses provided by the resource persons.

The COA also confirmed that it had not issued any notice of disallowance on the matter nor recommended the filing of charges before the Ombudsman.

4. Php 30,327,381.20 Philippine Amusement and Gaming Corporation (PAGCOR) Village Fund

The Committee took note of the Php30,327,381.20 funds allocated for the construction of PAGCOR Village in Barangay San Sebastian, Mataas Na Kahoy, of which Php30,000,000.00 was granted by the PAGCOR and received by the municipal government on September 24, 2021, while the remaining Php327,381.20 represented balances from other sources.

According to COA, the entirety of the PAGCOR grant remained idle as of year-end 2022 due to the non-implementation of the housing project, in violation of COA Circular No. 94-013. Similarly, the balance of Php327,381.20 from completed projects had not been remitted to the source agencies, also contrary to existing guidelines. These lapses have resulted in delays in delivering the intended benefits to informal settler families and in the return of unutilized funds to the appropriate government agencies.

Mayor Ilagan stated that the funds remain intact in a trust fund and explained that they are specifically earmarked for the construction of 100 housing units for informal settlers. Although the original Memorandum of Agreement with PAGCOR had expired, it was renewed in December 2024, with validity extended until December 2025. Nonetheless, the Committee emphasized that

the Municipality's failure to act with urgency undermines both the purpose of the PAGCOR donation and the LGU's obligation to provide adequate relocation to the beneficiaries.

5. Disproportionately Low Amount of COA Notices of Disallowance Issued Despite Significant Audit Findings

The Committee raised concern over the disproportionately small amount of Notices of Disallowance and Charges issued by the COA in relation to the substantial number of audit findings observed in the Annual Audit Reports. Specifically, the Committee questioned Ms. De Castro as to why only Php1,022,001.80 in disallowances and charges had been issued, despite the presence of significant and recurring audit observations. Ms. De Castro explained that the amount pertains to disallowances issued in 2023, and that these were attributable to transactions from previous years, not from 2023 solely.

The Committee expressed frustration at the apparent disconnect between the gravity of audit findings and the limited monetary amount reflected in the notices. This discrepancy raises serious concerns regarding the alignment of audit conclusions with COA's enforcement mechanisms and the effectiveness of accountability measures within the auditing process.

The issuance of Notices of Disallowance and Charges serves a vital purpose in ensuring that public funds are used lawfully, efficiently, and for the intended public purpose. They function both as corrective and deterrent mechanisms, mandating the return of unlawful or irregular expenditures and discouraging future misuse of public resources.

This responsibility is anchored in Section 2, Article IX-D of the 1987 Constitution, which vests COA with the exclusive authority to examine, audit, and settle all accounts and expenditures of the government. COA is constitutionally mandated to ensure accountability in the use of public funds and property, and to preserve the integrity of public financial management.

In light of these duties, the Committee strongly urges COA to exercise greater diligence and consistency in issuing disallowances where warranted, in order to fulfill its constitutional role as the guardian of the people's money. The failure to appropriately issue disallowances in the face of clear audit irregularities undermines not only the credibility of audit findings but also the public's trust in government accountability mechanisms.

6. Resolution No. 2024-014 dated October 1, 2024, which suspends the creation of fraud or special audit teams

In view of the seemingly disproportionate disallowances and charges vis-à-vis the findings of irregularities, the Committee approved a motion directing COA to conduct a special or fraud audit covering the allegations in the complaint of People's Coalition Against Crime and Corruption Group and unresolved irregularities in the previous annual audit reports of the COA.

Ms. De Castro informed the Committee that COA had issued Resolution No. 2024-014 dated October 1, 2024, which suspends the creation of fraud or special audit teams and limits the conduct of such audits from October 1, 2024, to May 12, 2025. Thus, the COA cannot constitute a fraud audit team in the interim.

The Committee clarified that while it recognizes COA's constitutionally mandated rule-making authority, its internal memoranda should not operate to hinder compliance with the Committee's directive, as the Committee's authority to conduct inquiries in aid of legislation is likewise a

constitutional mandate. Accordingly, what must prevail is that which serves the greater good of the residents of Mataas Na Kahoy.

Atty. Arenas, Division Chief for Legal and Adjudication, noted that any directive would still be subject to COA's internal evaluation procedures as an independent constitutional body.

The Committee was thereby constrained to seek clarification from COA Chairperson Gamaliel Cordoba to resolve the impasse. In a letter dated January 27, 2025, the COA affirmed the Committee's position. Consequently, the request for the conduct of a fraud audit was duly granted by the COA.

F. CONCLUSION

At the outset, the Committee must stress that the elevation of Mataas Na Kahoy to a 3rd class municipality, conferment of various awards and its cited recognitions, while commendable, do not exculpate any violations of law, rules, or regulations that may have been committed by local executive officials in the performance of their duties.

The Constitution mandates accountability of public officers. Article XI, Section 1 of the 1987 Constitution provides: Public office is a public trust. Public officers and employees must at all times be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency, act with patriotism and justice, and lead modest lives.

Similarly, RA 7160 and its IRR imposes upon local officials the obligation to ensure transparency, fiscal responsibility, and faithful adherence to national policies and guidelines.

Moreover, under RA No. 6713 or the Code of Conduct and Ethical Standards for Public Officials and Employees, all public officials are required to act with professionalism, fairness, and adherence to the principles of public accountability.

Thus, while Mayor Ilagan's presentation of Mataas Na Kahoy's accolades and its status upgrades may reflect positively on certain aspects of local governance, such recognitions do not negate or justify possible administrative or criminal infractions which may be uncovered upon proper audit or investigation.

The Committee must likewise emphasize that the mere settlement or refund of disallowed amounts does not extinguish criminal liability, particularly where the acts giving rise to such disallowances involve fraud, evident bad faith, or gross negligence.

A COA disallowance is an administrative finding that a particular government expenditure was irregular, unnecessary, excessive, or otherwise not in accordance with law. The refund or settlement of such disallowed amounts is a civil or administrative remedy to restore government funds.

Criminal liability arises from violations of penal laws such as RA 3019 and the Revised Penal Code. The refund of disallowed amounts addresses only the civil aspect and does not, by itself, absolve the person from criminal prosecution if the act constitutes a crime.

Furthermore, jurisprudence has consistently held that administrative and civil remedies are without prejudice to the institution of criminal proceedings under applicable laws.

The Supreme Court in *Villaseñor, et al. v. Sandiganbayan, et al.*, G.R. No. 180700, held that there are three kinds of remedies that are available against a public officer for impropriety in the performance of his powers and the discharge of his duties: (1) civil, (2) criminal, and (3) administrative. These remedies may be invoked separately, alternately, simultaneously, or successively. Sometimes, the same offense may be the subject of all three kinds of remedies.

It is clear, then, that criminal and administrative cases are distinct from each other. The settled rule is that criminal and civil cases are altogether different from administrative cases, such that the first two will not inevitably govern or affect the third and vice versa. Verily, criminal cases may proceed independently of administrative proceedings.

Accordingly, the Mayor, the Vice Mayor, and any other municipal officials of the Municipality of Mataas Na Kahoy who may be found to have violated the law must be held accountable and made to respond to the appropriate legal and administrative processes.

G. RECOMMENDATIONS

For the COA to:

- Conduct a special or fraud audit on the utilization and reallocation of public funds by the Municipality of Mataas Na Kahoy, particularly in connection with the alleged irregularities raised by Mr. Antonio A. Alabata and the People’s Coalition Against Crime and Corruption, as well as those reflected in the COA Annual Audit Reports for Calendar Years 2020, 2021, 2022, and 2023.
- Immediately require the Municipality of Mataas Na Kahoy to submit all pertinent documents, including resolutions or authorizations issued by the Sangguniang Bayan, that relate to the transactions and activities in question.
- Review the Municipality’s compliance with applicable laws, rules, and regulations governing procurement, budgeting, accounting, and the utilization of public funds, particularly with respect to the transactions under scrutiny.
- Provide a written status report on any ongoing audit activities involving the Municipality of Mataas Na Kahoy and clarify whether previous audit findings warrant the conduct of a more comprehensive or specialized audit.

For the Ombudsman to:

- Initiate a motu proprio investigation into the alleged misuse of public funds and irregularities in the operations of the Office of the Mayor and Vice Mayor of the Municipality of Mataas Na Kahoy, Batangas, based on the findings presented during the Committee hearings and the Commission on Audit's annual audit reports for CYs 2020 to 2023.
- Determine the possible commission of criminal offenses under applicable laws, including but not limited to:
 - RA 3019, or the Anti-Graft and Corrupt Practices Act;
 - RA 7080, or the Plunder Law, if the threshold amount of ill-gotten wealth is met; and
 - Other penal laws as may be applicable based on the results of the investigation.

- File the appropriate criminal complaints and/or administrative cases against Mayor Janet Magpantay Ilagan, Vice Mayor Jay Manalo Ilagan, and any other responsible officials or private individuals who may have conspired or participated in the commission of the said irregularities.
- Evaluate the necessity of preventive suspension of concerned local officials during the pendency of the investigation to avoid possible interference in the fact-finding process and to safeguard public records and property.

For the DILG to:

- Initiate a fact-finding investigation into the allegations involving officials of the Municipality of Mataas Na Kahoy, based on the Committee Report and supporting documents submitted during the inquiry.
- Evaluate the findings of said investigation and recommend appropriate action to the concerned provincial government, in accordance with the Local Government Code.
- Monitor compliance by the Municipality with relevant administrative and governance standards, and issue advisories or guidance where necessary.

For the Municipality of Mataas Na Kahoy to:

- Submit all pertinent documents to COA, DAR, and the DILG, including ordinances, resolutions, authorizations, disbursement records, property acquisition papers, and relevant procurement documentation.
- Cooperate fully with COA and DILG in the conduct of their respective investigations and audits.
- Review and revise internal policies, if necessary, to ensure that future planning, budgeting, and procurement practices adhere to legal standards and promote transparency and accountability.

For the Department of Agrarian Reform to:

- Investigate any possible violations of agrarian reform laws arising from the land transactions and review the status and classification of the land parcels acquired by the Municipality of Mataas Na Kahoy to determine if any were covered by agrarian reform laws or subject to restrictions on conversion or transfer.
- Submit a report on any prior DAR clearances, conversions, or exemptions issued for the subject properties.

For the Provincial Government of Batangas to:

- Initiate a formal review and evaluation of the conduct of officials of the Municipality of Mataas na Kahoy in light of the alleged irregularities uncovered by the Committee and COA reports.

- Determine whether the acts or omissions of the municipal officials constitute administrative offenses such as gross neglect of duty, grave misconduct, or abuse of authority.
- File or recommend the filing of appropriate administrative complaints before the Office of the Ombudsman or the Sangguniang Panlalawigan, as may be warranted by the evidence.
- Endorse to the DILG or other appropriate government agencies any findings requiring further investigation, preventive suspension, or removal from office.

For the House of Representatives to:

- Draft and propose remedial legislation aimed at:
 - Strengthening transparency and accountability in LGU procurement processes, particularly for land acquisition and use of public funds.
 - Mandating stricter documentation and public disclosure requirements for local government transactions involving real property.
 - Enhancing coordination mechanisms among government agencies such as COA, DILG, DAR, HLURB, and LGUs to prevent regulatory overlap or gaps.
 - Imposing stiffer penalties for officials involved in fund misallocation, fraud, or violations of procurement and zoning laws.
 - Establishing an independent oversight body or audit task force with expanded authority to conduct special audits and investigations without waiting for formal complaints.

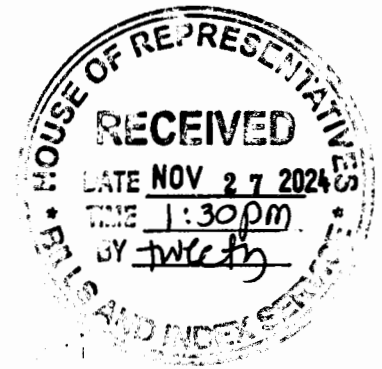
Finally, the aforementioned government agencies shall be furnished with a copy of the Committee Report to notify them of the findings and enable them to take appropriate action on the respective recommendations.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Congress of the Philippines
Quezon City

19th Congress

Third Regular Session

HOUSE RESOLUTION NO. 2102



Introduced by:
REPRESENTATIVES ROBERT RAYMUND M. ESTRELLA;
DANILO S. FERNANDEZ; ROMEO S. MOMO SR.;
JOSE ARTURO "JOJO" S. GARCIA, JR.; ROY M. LOYOLA

**RESOLUTION DIRECTING THE COMMITTEE ON PUBLIC ACCOUNTS AND
OTHER APPROPRIATE COMMITTEES OF THE HOUSE OF
REPRESENTATIVES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION,
INTO THE ALLEGED MISUSE OF PUBLIC FUNDS AND IRREGULARITIES IN
THE OPERATIONS OF THE OFFICE OF THE MAYOR AND VICE MAYOR OF
THE MUNICIPALITY OF MATAAS NA KAHOY, BATANGAS, UNDER MAYOR
JANET ILAGAN AND VICE MAYOR JAY MANALO ILAGAN**

WHEREAS, Section 1, Article XI of the 1987 Philippine Constitution declares that public office is a public trust, and public officers and employees must, at all times, be accountable to the people by serving with utmost responsibility, integrity, loyalty, and efficiency, and by upholding patriotism and justice while leading modest lives;

WHEREAS, public trust is the foundation of good governance, and any breach of this trust, particularly in the management and utilization of public funds, compromises the delivery of basic services and the overall welfare of constituents;

WHEREAS, reports from the Commission on Audit (COA) reveal significant irregularities in the operations of the Office of the Mayor and Vice Mayor of the Municipality of Mataas na Kahoy, Batangas, under Mayor Janet Ilagan and Vice Mayor Jay Manalo Ilagan, including misuse of public funds, non-implementation of critical infrastructure and social projects, and violations of existing laws, rules, and regulations governing financial management and public accountability;

WHEREAS, additional reports and testimonies have raised further concerns about governance and the management of public resources in the Municipality of Mataas na Kahoy, which include the following:

1. The Local Government Unit (LGU) acquired a 16,337.4 sqm property in Brgy. San Sebastian for ₱13,520,530.00, intended for the PAGCOR Village. However, the site is unsuitable for the planned development due to its hilly terrain and proximity to Taal Volcano, contrary to safety guidelines for relocation sites or evacuation centers. Questions persist regarding the sudden availability of funds and potential overpricing.
2. Financial donations received during the Taal Volcano eruption in 2020 were allegedly mismanaged, with reports of relief goods stockpiled at the private farm of the spouses Ilagan and left to expire or rot, instead of being distributed promptly to affected residents.
3. Budget reallocation under the current administration raised concerns, with allegations of overpricing, unnecessary land acquisitions, and improper monitoring of road projects in remote barangays. Vice Mayor Jay Ilagan was allegedly involved as a land agent in some transactions, posing a conflict of interest.
4. The construction of facilities such as the Super Rural Health Unit, Dialysis Center, and Kadiwa Center remain incomplete. Questions regarding the legitimacy of the land donation for these projects necessitate further investigation.
5. The Mataas na Kahoy Central School gymnasium was completely demolished despite only the roof being damaged. Allegations suggest that the materials from the demolition were delivered to a junk shop owned by the late Rey Ilagan, the brother of Vice Mayor Jay Ilagan.
6. Several residents have revealed the unauthorized collection of waste/garbage fees in the Municipality of Mataas na Kahoy, Batangas, which was allegedly done without the necessary ordinance required by law, constituting a violation of legal procedures and raising serious concerns about transparency, accountability, and the misuse of authority.

WHEREAS, these allegations, if proven true, constitute grave breaches of public trust, dereliction of duty, and misuse of authority, undermining the principles of transparency, efficiency, and accountability enshrined in the Constitution and other relevant laws;

WHEREAS, findings from the COA audit reports for fiscal years 2021, 2022, and 2023 indicate a pattern of mismanagement, inefficiency, and non-compliance with accounting and procurement standards, specifically highlighting issues such as:

1. Delayed or unimplemented projects under the 20% Development Fund amounting to Php22,391,812.87, denying the public access to much-needed infrastructure and social development initiatives;
2. Idle and unutilized funds totaling Php30,327,381.20, including Php30 million intended for the PAGCOR Village construction project, leading to wasted opportunities and delayed public service delivery;
3. Delay in the return of unutilized fund balances transferred to the Municipality, depriving the national government of the scarce resources for its operations;

4. Irregularities in contract extensions for infrastructure projects amounting to Php4,666,652.58, in violation of procurement laws, creating an environment conducive to inefficiency and potential corruption;
5. Payment of wages below the minimum wage for 120 Job Order personnel, in violation of labor laws;
6. Unaccounted receipt and utilization of COVID-19 vaccines allocated by the Department of Health (DOH), raising serious concerns over transparency in managing life-saving resources during a public health crisis;
7. Recurring discrepancies in financial records related to Property, Plant, and Equipment (PPE) amounting to millions of pesos, undermining the reliability of the Municipality's financial reporting; and
8. Lapses in internal control mechanisms and non-compliance with COA regulations and international public sector accounting standards, compromising the integrity and transparency of local governance.

WHEREAS, the alleged actions of Mayor Janet Ilagan and Vice Mayor Jay Manalo Ilagan, as described in reports, may constitute violations of Republic Act No. 3019, or the Anti-Graft and Corrupt Practices Act;

WHEREAS, the allegations of irregularities, such as overpricing, unnecessary land acquisitions, conflicts of interest, and unauthorized collection of fees, suggest potential violations of Republic Act No. 9184, or the Government Procurement Reform Act;

WHEREAS, these potential violations highlight serious lapses in financial management and procurement processes, which undermine public trust and confidence in the LGU of Mataas na Kahoy, Batangas, and necessitate legislative action to ensure accountability and adherence to applicable laws;

WHEREAS, the House of Representatives must ensure that measures are taken to address these lapses and prevent similar incidents, thereby safeguarding public funds and promoting the efficient and transparent use of government resources for the welfare of the people;


NOW, THEREFORE, BE IT RESOLVED, as it is hereby resolved, to direct the Committee on Public Accounts and other appropriate committees of the House of Representatives to conduct an inquiry, in aid of legislation, into the alleged misuse of public funds and operational irregularities in the Office of the Mayor and Vice Mayor of the Municipality of Mataas na Kahoy, Batangas, under Mayor Janet Ilagan and Vice Mayor Jay Manalo Ilagan.

Adopted,

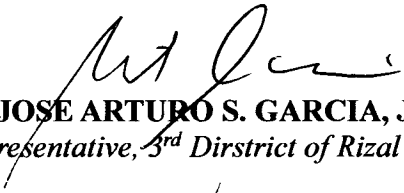

HON. ROBERT RAYMUND M. ESTRELLA
Representative, Abono Party-List



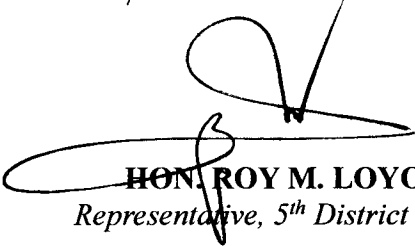
HON. DANILO S. FERNANDEZ
Representative, 1st District of Laguna



HON. ROMEO S. MEMO SR.
Representative, 3rd District of Surigao del Sur



HON. JOSE ARTURO S. GARCIA, JR.
Representative, 3rd District of Rizal



HON. ROY M. LOYOLA
Representative, 5th District of Cavite