

Title: Quisumbing et al. vs. Garcia et al.

Facts:

This case originated from the Commission on Audit (COA)'s financial audit of the Province of Cebu for the period ending December 2004, which found several contracts amounting to PHP102,092,841.47 entered into by Governor Gwendolyn F. Garcia without the required Sangguniang Panlalawigan resolution. The COA recommended that henceforth, the local chief executive must secure a Sanggunian resolution for contracts as required under Section 22 of R.A. No. 7160, the Local Government Code.

Governor Garcia, claiming that the contracts complied with bidding procedures under R.A. No. 9184 (the Government Procurement Reform Act) and were made pursuant to appropriation ordinances passed by the Sangguniang Panlalawigan, filed for declaratory relief with the RTC of Cebu City. The RTC ruled in favor of Garcia, stating that under Sections 22, 306, and 346 of R.A. No. 7160 and Section 37 of R.A. No. 9184, prior Sanggunian authorization was not necessary when there was a prior appropriation ordinance enacted.

A motion for reconsideration by members of the Sangguniang Panlalawigan was denied. In their Petition for Review to the Supreme Court, petitioners argued that the RTC erred in granting the petition for declaratory relief, claiming that prior authorization should be secured before entering into such contracts.

Issues:

1. Whether Governor Garcia needed prior authorization from the Sangguniang Panlalawigan before entering into the questioned contracts.
2. Whether the declaratory relief action filed by Governor Garcia was proper given that an alleged breach of R.A. No. 7160 had occurred.
3. Whether approval by the Sangguniang Panlalawigan is required by R.A. No. 9184 before entering into procurement contracts.

Court's Decision:

The Supreme Court granted the petition in part. It reversed and set aside the decisions of the RTC and remanded the case for further proceedings. The Court clarified that:

1. Prior authorization by the Sangguniang Panlalawigan, as required under Sec. 22(c) of

R.A. No. 7160, is necessary before the local chief executive can enter into contracts on behalf of the local government unit, especially under a reenacted budget.

2. The petition for declaratory relief was not the proper recourse since a breach had already occurred. However, the Court recognized that since a breach took place, the action could be converted into an ordinary civil action as per Rule 63 of the Rules of Court.

3. R.A. No. 9184 requires the approval of the appropriate government authority for procurement contracts, complementary to the need for prior Sangguniang authorization under the Local Government Code.

Doctrine:

The case established that:

- Prior authorization from the Sangguniang Panlalawigan is required for contracts that involve the local government unit entering into new monetary obligations or commitments.
- An appropriation ordinance may serve as authorization for contracts related to expenditures specified within it, but does not eliminate the requirement for specific Sangguniang approval for new contracts not clearly encompassed by the appropriation ordinance.
- A petition for declaratory relief is not the proper remedy if a breach of the law to be clarified has already occurred.

Class Notes:

Key Elements for Examination:

- Distinguish between “disbursement” (payments for obligations authorized by ordinances) and “contract” (agreements that bind to new obligations) as used in the Local Government Code.
- Understand the procedural requirements for an action of declaratory relief and its limitations.
- Recognize the checks and balances between the powers of the local chief executive and the legislative authority of the Sangguniang Panlalawigan in contracting obligations.

Relevant Statutes:

- R.A. No. 7160 (Local Government Code), particularly Sec. 22(c), 306, and 346.
- R.A. No. 9184 (Government Procurement Reform Act), especially Sec. 37.

Historical Background:

This case underscores the delicate balance of power between the executive and the legislative branches of local government units as envisaged in the Philippine Local Government Code. It highlights the necessity for checks and balances in the contracting and procurement processes of local government units to ensure transparency, accountability, and compliance with statutory requirements.