

SECOND DIVISION

[G.R. No. 213128, February 07, 2018]

LOURDES SCHOOL QUEZON CITY, INC., PETITIONER, VS. LUZ V. GARCIA, RESPONDENT.

D E C I S I O N

PERALTA, J.:

This petition for review on *certiorari* under Rule 45 of the Rules of Court (*Rules*) seeks to set aside the January 29, 2014 Decision^[1] and June 18, 2014 Resolution^[2] of the Court of Appeals (CA) in CA-G.R. SP No. 125316, which reversed the February 29, 2012 Decision^[3] and April 18, 2012 Resolution^[4] of the National Labor Relations Commission (NLRC) affirming with modification the August 25, 2011 Decision^[5] of the Labor Arbiter (LA).

Petitioner Lourdes School Quezon City, Inc. (LSQC) is a non-stock, non-profit educational institution offering elementary and high school education. Prior to the termination of her service, respondent Luz V. Garcia (*Garcia*) was its Chief Accountant and Head of the Accounting Office with a monthly salary of P56,912.10.

Sometime in September 2010, Fr. Cesar Acuin (*Acuin*), Rector of LSQC, issued a Memorandum creating two committees to investigate on the possible irregularities in the purchase of notebooks and the sale of textbooks in the school.^[6] The first committee composed of Antonio Romero, Jr., Lalaine Alejo, Editha Granda, Leonardo Dizu, and Jocelyn Andaya looked into the oversupply of notebooks, while the second committee composed of Mary Jane Capistrano, Ma. Elviza Godinez, Edzel Gonzales, Ma. Socorro Pradillo, and Cecilia Toledo examined on the missing proceeds of the booksale. Garcia, as one of the employees subject of the investigations, was requested to submit a written report/statement on the matter.^[7]

In a letter dated October 1, 2010, Fr. Antonio Ala (*Ala*), Treasurer of LSQC, instructed Garcia to turn-over all the money and other financial resources of the school.^[8] Garcia immediately complied by giving back the passbooks, certificates and receipts of placements and post-dated checks issued by parents for payment of tuition fees as well as the passbook of Lourdes Church's placement in a bank.^[9]

After the physical inventory of notebooks in the stockroom; request of pertinent documents, records and data; invitation of resource persons (a lawyer and two certified public accountants); and interviews of school officials and personnel, as well as concerned individuals, the first committee submitted its final report to Fr. Acuin on October 22, 2010.^[10] The findings, with respect to Garcia, were as follows:

[Garcia] cannot deny her culpability in the oversupply of notebooks because:

1) Despite her denials that Sir Peter's immediate head is Father Treasurer and that in all matters of purchase, Sir Peter deals directly with the Fr. Treasurer, the following instances belie her claim:

- a. the organizational chart (ANNEX "C") and her job description (ANNEX "D") point to her as the immediate head of Sir Peter;
- b. in the Efficiency Rating (ANNEX "E") submitted to the Office of the Registrar every end of the SY, [Garcia] rates Sir Peter - she gives the 70% rating, while the Father Treasurer gives the remaining 30%. This clearly indicates that only a small portion of Sir Peter's work is rated by the Father Treasurer. Considering that the bulk of work of Sir Peter is in procurement and purchasing and that [Garcia], controls 70% of the latter's efficiency rating, it becomes downright absurd for [Garcia] to deny and disclaim any supervision to Sir Peter's work as purchase officer. Simply put, Sir Peter has more to answer to [Garcia] than to Father Treasurer.

2) Contrary to [Garcia's] claims that she does not dip her hands or she is hands-off in purchasing, she is in fact privy to the transactions and workings of the purchasing officer, as shown by the following:

- a. Sir Peter admitted that there were occasions when he consulted with [Garcia] regarding purchases esp. when he is confused and when the Father Treasurer is not around.
- b. In the Fund Requisition Form (ANNEX "F"), her signature appeared as she noted the requisition.
- c. There were also requisitions (ANNEX "G") wherein she placed the source of fund for said purchases.
- d. Ms. Penny claimed that to date, all requisitions pass through [Garcia] for checking because if there are errors, [Garcia] will shout at her staff.
- e. [Garcia] told Ms. Bridget sometime in May that the former will just inform her when the next set of notebooks will be delivered.

3) Granting *arguendo* that Sir Peter does not directly report to [Garcia] in matters of purchasing, her position as Chief Accountant bestows upon her the duty to be vigilant and keen in protecting the financial interests of the school and to aid the management in its decision making. [Garcia] neglect, if not deliberately, betrays this trust as can be gleaned from the following series of event:

a. Considering that she actually reviews and all requisitions, as witnessed by Ms. Penny, she is in the position to know and grasp the trend of the annual purchases of notebooks. She should have sensed the erratic and unsystematic estimation made by Sir Peter of the quantity of notebooks ordered annually. She, therefore, should have called Sir Peter's attention and clarified at the first instance the basis and formula used for those estimations.

b. [Garcia] admitted knowledge of the big quantity of notebooks from last year's purchase. She, however, justified such to Fr. Tony by allegedly telling the latter that those notebooks will be good for two school years (SY2009-2011). If such were the case, it is baffling why [Garcia] would still remind Fr. Tony the need to order for additional notebooks for school year (SY2010-2011), knowing fully well that (i) there is still adequate supply of notebooks for SY2010-2011 and (ii) that no inventory has yet been conducted at that time to check whether there is still a need to order for more notebooks.

c. Part of the work of [Garcia] as contained in her job description (ANNEX "D") is to ensure that management is aided in decision making by the preparation of statements and/or financial reports. [Garcia] claimed that she reminded and cautioned Fr. Tony of the existing supplies of notebooks from the previous purchase by saying "Father marami pa pong notebooks." This general comment, however, did not fully and effectively appraised Fr. Tony of the extent of the oversupply. This clearly shows [Garcia's] failure to aid the Treasurer in sound decision making by failing to show Fr. Tony the results of the inventory. She glaringly did not point out the oversupply to Fr. Tony when Fr. Tony was asking about the new orders from Bridge Media.

d. [Garcia] claimed to know of the big number of remaining notebooks in the inventory that is why she suggested to Fr. Tony to make the buying of notebooks compulsory. Fr. Tony *allegedly* accepted her suggestion hence Fr. Tony *allegedly* told her that he will talk to the GS principal to make the buying of notebooks compulsory to all students. Sometime during enrollment, [Garcia] learned that a number of parents purchased the notebooks of their sons outside the school. This should have alarmed [Garcia], knowing that Fr. Tony's alleged plan did not materialize. However, [Garcia] kept quiet and did not make any effort to call the attention of Fr. Tony or Mr. Bautista.

e. When her attention was called by Mr. Bautista sometime in August 2010 about her pronouncement that "*hindi required sa grade school ang notebook*", she never mentioned to Mr. Bautista that she was told by Fr. Tony of the latter's *alleged* intent to make the purchase of the notebook from the school compulsory. Later, facing both Fr. Tony and Mr. Bautista, she again did not say anything about being told by Fr. Tony that it will be made compulsory. In summary, it appears that the idea to make the purchase of notebooks from the school compulsory was hatched by [Garcia] in order to maneuver the disposal of the remaining supplies of notebooks and to further justify the ordering of the notebooks from the supplier. Fr. Tony, trusting the advise of [Garcia], thought that it will work out but the latter never knew of the extent of oversupply.

4) As immediate head of the Accounting office and the most trusted person in the Office, [Garcia] should have instituted an accounting system that is efficient and systematic. But this, she failed to do as evidenced by the following:

a. Sir Peter claims to be the one assisting in the inventory of notebooks as can be gleaned from his job descriptions for SY 2004-2010 and not the one really doing the inventory. But when the other accounting personnel were queried as to their function in the inventory-taking, they all mentioned that they only assist Sir Peter in the inventory-taking. Pouring over the job description in terms of inventory-taking (ANNEX "E"), it would seem that only Sir Peter is following his job descriptions and the others do not as regards inventory-taking (ANNEX "H").

b. [Garcia] was not able to monitor and provide a check and balance in the inventory-taking, which is a crucial part in the purchase of notebooks for the next school year. According to Sir Peter, he had not been doing monthly inventory since the canteen operations was transferred to them. Had [Garcia] impressed upon Sir Peter said work and demanded monthly reports, the oversupply of notebooks would not have happened.

c. A cursory glance at the inventory results in January and April 2010 revealed some irregularities leading the committee to conclude that no counter-checking is being done with the inventory.

d. Sir Peter had been left unchecked and unguided in doing the estimation of the notebooks to be purchased. [Garcia] could have assisted Sir Peter in

determining the quantity of notebooks to be ordered.

e. Considering the amount of money/funds, which amounts to millions of pesos, sourced out from the school's coffers for the purchase of notebooks, it is highly irregular for the accounting to simply approve the requisition form without any scrutiny. This is problematic considering that the accounting office has access to the physical inventory of the notebooks because it is being done by the accounting staff.

f. [Garcia] is accountable for the absence of monthly inventory which she did not meticulously require from Sir Peter. Instead, what she did was to require the accounting staff to submit a tentative inventory at the end of February. By the time the inventory was finished, the notebooks had already been ordered by Sir Peter rendering the results of the tentative inventory useless. She should have monitored her accounting staff in charge of the inventory. Had she done that, she would have discovered some discrepancies in the reporting of inventory (ANNEX "I").^[11]

The first committee recommended the termination of employment of Garcia for breach of trust and confidence through gross and habitual neglect of duty. On the same ground, the second committee suggested her immediate dismissal, reasoning that *"[it] would be harmful and more damaging for LSQC to wait until further damage or harm is done especially on the financial aspect of the school due to an imminent malpractice or possible misrepresentation of school's finances."*^[12] The endorsement was based on the following:

1. Gross inefficiency and incompetence in the performance of assigned duty.

As the chief accountant, [Garcia] is "responsible for the implementation of the Accounting system, Policies and procedures and the related internal control system to protect the Institution's financial activities."

It is, therefore expected, of her to ensure the proper accounting of collection from the booksale. She is expected to supervise all the accounting staff, including the accounting responsibility of the Supplies/Purchasing Staff related to the booksale.

[Garcia] claimed giving reminders/orientation on the responsibility and nature of the work of her staff particularly on the booksale during the first five years as the chief accountant. However, since the work of her staff (particularly the cashier and purchasing staff) became a regular routine in the operation of the accounting office, she assumed that they already know the meaty-gritty (*sic*) of their responsibility thus she did not see the need to conduct regular reminders and update/check on the regular routines for the booksale.