

SECOND DIVISION

[G.R. No. 208979, September 21, 2016]

**GOVERNMENT SERVICE INSURANCE SYSTEM, PETITIONER, VS.
ROGELIO F. MANALO, RESPONDENT.**

DECISION

DEL CASTILLO, J.:

This Petition for Review on *Certiorari*^[1] assails the Court of Appeals' March 21, 2013 Decision^[2] and August 30, 2013 Resolution^[3] denying herein petitioner's motion for reconsideration in CA-G.R. SP No. 118452.

Factual Antecedents

The narration of the facts by the Civil Service Commission (CSC) is most concise and accurate:

In 2004, Rogelio F. Manalo,^[4] Computer Operator IV, Government Service Insurance System (GSIS) was assigned as membership processor at the Membership Department I (Manila) where his main duty was to process membership applications. Particularly, he was tasked to check the completeness of the documents submitted to support membership application and verify the authenticity of the signatures of the authorized officials before creating an applicant's membership record and policy. To enable Manalo to access system's membership database, he was assigned computer access/operator code "A6HT" and terminal ID "A8GJ."

Sometime in 2005, the Internal Audit Service Group (IASG), GSIS, conducted an audit examination and found that on several occasions in July 2004, Manalo's operator code and terminal ID was used in creating the membership records and policies of fictitious and terminated employees of the City Government of Manila (CGM). These fictitious and terminated employees were granted loans because of their membership records and policies. The names of the fictitious CGM employees who were able to secure loans from the GSIS are the following: Leonardo De Jesus, Melanie Mendoza, Jose Ramirez, Elizabeth Roces, Eduardo Salcedo, Mary Jane Santiago and Jovelyn Traje. On the other hand, the following terminated CGM employees were able to secure loans: Richard Bernardo, Agnes Patrocinio, Irene Patrocinio, Willianie Patrocinio, Corazon Sahagun and Fernando Sunga. The City Government of Manila issued a certification that these names do not belong to any of the employees of the said agency.

Additionally, it was discovered that the specimen signatures of the

individuals who purportedly endorsed the membership applications were not found in the list of authorized endorsing officials of the City Government of Manila. The names of the fictitious endorsers were the following: Alfredo Bernabe, Carlos dela Fuente, Ernesto Guevarra, Cesar P. Ocampo, Ruben Ramos, Alicia V. San Jose, Armando C. Toribio, Anselmo T. Trinidad, Antonio T. Villanueva and Oscar Villarama. The City Personnel Office confirmed that endorsing officials have never been employed by the CGM.

After examining the documents and records, such as the specimen signatures of endorsing officials, membership and loan application forms and service records, the IASG concluded that the processor and the official tasked to review his output failed to detect the apparent defects in the supporting documents used to create membership records and policy contracts. Hence, membership records were created in the database and policy contracts were issued in favor of the fictitious and separated CGM employees, which became the basis for granting of unauthorized loans.

Based on these findings, in a Memorandum dated May 29, 2006, Manalo was directed to submit an explanation under oath why he should not be charged administratively for his role in the creation of spurious membership records and policy contracts. In a notarized letter dated June 6, 2006, Manalo explained that the *"said policy contracts were issued by me because when I processed the applications, I had checked the specimen signatures of the then endorsing officer and when all the documents were in order, I caused to be issued (sic) the contract. As far as I am concerned, I was just doing my job as stated in the charter of commitment...and doing it in good faith..."*

Finding no merit in the explanation, Manalo was formally charged on August 29, 2007 with Serious Dishonesty, Grave Misconduct and Gross Neglect of Duty, as follows:

'In various occasions in July 2004, Respondent, using his operator Code 'A6HT' and terminal ID 'A8GJ' created policies and membership records for the following individuals, making it appear that they were employed by the City Government of Manila at the time of the creation of the policy records when in fact, they were not...

'x x x

'Respondent, using his operator code and terminal ID also created new policies for the following individuals, making it appear that they were currently employed by the City Government of Manila at the time of the creation of their new policies when in fact they were already separated from the service...

'x x x

'Respondent also used or allowed others to use his terminal ID in creating new policies for the following individuals, making it appear that they were still employed by the City Government of Manila at the time of the creation of their policies when in fact they were already separated from the service...

'x x x

'The said creation of policies was based on falsified documents, unsubstantiated by appointment papers and plantilla as required under the existing rules and regulations for creation of Member's Service Profile (MSP);

'The said creation of policies and membership records paved the way for the immediate granting of loans to the fictitious and separated government employees...

'x x x

'The fraudulent scheme of creating policies and membership records for fictitious and separated government employees to make them qualify for the System's loan program caused the System to incur a loss of approximately Php621,165.00.

'Respondent's knowing, intentional, and malicious participation in the said fraudulent scheme is contrary to laws, existing GSIS rules and regulations, morals, good customs and public policy.'

During the hearing of the case, the prosecution showed that the access/operator code "A6HT" and terminal ID "A8GJ" issued to appellant Manalo were used to create membership records and policy contracts for separated or fictitious employees of CGM which resulted in the grant of several spurious loans. In support of the same, the following witnesses were presented:

NAME	POSITION
Bernadette Flores	Chief Executive Officer, Internal Audit Service Group (IASG)
Alex B. Alba	Computer Operator, Administrative Division, City Treasurer's Office, City Government of Manila
Reynaldo V. Gatchalian	Assistant Department Head III, City Government of Manila
Ma. Ethelda A. Antonio	Manager, Systems Administration and Database Department
Emerlinda Loredo	Division Chief III, Records Management Division I
Grace Navalta	Former Division Chief, Manila District Office

On the other hand, Manalo was the only witness for his defense. He alleged that he had been with the GSIS for 31 years and denied that he was the reason for the anomalous creation of membership records and electronic policies.

In a Decision^[5] dated August 12, 2008, former GSIS President and General Manager Winston F. Garcia found Manalo guilty of Serious Dishonesty and Grave Misconduct and imposed upon him the penalty of dismissal from the service with the accessory penalties of cancellation of eligibility, forfeiture of retirement benefits and the perpetual disqualification from re-employment in the government service.

The motion for reconsideration filed by Manalo was denied by the GSIS in its Resolution^[6] dated June 2, 2009.

On July 14, 2009, Manalo appealed the said GSIS Decision and Resolution to the Commission.^[7]

Ruling of the Government Service Insurance System

In its August 12, 2008 Decision as adverted to above, the GSIS in finding respondent guilty of serious dishonesty and grave misconduct held that –

The resolution of the culpability of the respondent rests on the following: (1) whether Mr. Manalo's tale that he merely relied on the representation of his supervisors that the documents were in order in creating the membership records and the electronic policies inspires belief; and (2) if not, whether said creations of membership records and the electronic policies leading to unlawful grant of loan constitute serious dishonesty, grave misconduct and/or gross neglect of duty.

The prosecution adduced substantial evidence that respondent was guilty as charged.

First, Mr. Manalo's defense of reliance on the say so [sic] of his supervisors is not believable. In respondent's Letter-Explanation to the Show Cause Memorandum x x x, in his Answer x x x, and in his testimony x x x, he incorporated as part of his evidence the '*Additional Notes to the Detailed Procedures of the Manila District Office (MDO)*,' signed by Mesdames Santos and San Miguel and prepared by Ms. Gloria C. Zuniga from the IASG. Said guidelines make clear that the processors, such as respondent, receive the supporting documents and on the bases [sic] of said documents, create the membership records and electronic policies. After the creation of the membership records, only then are the documents forwarded to the Section Chief for review and the policies printed. It must be noted that the granting of the loans depends on the electronic data in the membership records and not whether the policy contract was released. Pertinent portion is quoted:

3. Forward AFs [Application Forms] without Policy Nos[.] to the Membership Department on the second floor for processing. x x x

4. Distribute the AFs among the personnel for the creation/issuance of a policy record performing the following procedures:

- Require the following source documents:
 - MIS [Membership Information Sheet]/IMI [Membership Information]
 - Service Record (SR)
 - Appointment papers
 - Plantilla

Examine and evaluate if the submitted source documents are complete, authentic and in order; if the signatories are the authorized officials and if the endorsing officials are complete and their signatures authentic based on their specimen signatures on file. (Every 6 months, the specimen signature forms are required to be reviewed by the authorized signatories.)

The SR/appointment/plantilla, although not original may be accepted as long as it is a certified true copy as certified by a duly authorized official.

If all are found to be in order, execute the following steps:

- Create a policy record and assign a policy number
- If with number print MAIP and attach to the supporting documents
- Forward all the above documents to the Section Chief (SC) for review and if in order, the policy contract may be printed. The SC or Division Chief signs on Policy Contract.

Thus, from these procedures, it is clear that it was respondent who had the initial obligation to evaluate the supporting documents. From this, it is clear that he cannot now foist the blame on his supervisors and hold them accountable for his failure to perform his job.

Second, the defects in the supporting documents were patent. Considering the 31 years of respondent in the GSIS, he should have been able to easily spot these defects. In respondent's Reply to the show-cause memorandum, he specifically stated that he examined the specimen signatures of the endorsing officers in the specimen signature cards on file with the GSIS. x x x