

AGENCY BUDGET NOTES

For FY 2023



THE JUDICIARY

ALLOCATION BY AGENCY



P51.43B
TOTAL NEW APPROPRIATIONS FOR 2023



SUPREME COURT & LOWER COURTS
P41,923.1M
(81.5%)



CA
P6,492.0M
(12.6%)



SANDIGANBAYAN
P2,074.3M
(4.0%)



CTA
P774.8M
(1.5%)



PET
P162.1M
(0.3%)

COST STRUCTURE

P21,244.5M
(41.3%)
General Admin and Support

P1,776.0M
(3.5%)
Support to Operations

P28,405.8M
(55.2%)
Operations

BREAKDOWN OF OPERATIONS BUDGET



P24,341.3M (85.7%)
Supreme Court and Lower Courts Adjudication Program



P3,318.9M (11.7%)
Court of Appeals Appellate Adjudication Program



P492.1M (1.7%)
Sandiganbayan Adjudication Program



P199.6M (0.7%)
CTA Tax Appellate Adjudication Program



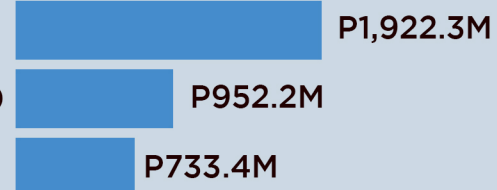
P53.9M (0.2%)
Adjudication of Presidential and Vice Presidential Electoral Protest Program

JUDICIARY BUDGET UTILIZATION

OBLIGATIONS TO APPROPRIATIONS RATIO



UNUSED APPROPRIATIONS



QUICK FACTS

KEY SECTOR INFORMATION ON COURTS

as of 30 June 2022



Type	Number of Courts	Vacancies (Judge)	Average Case Load per Judge ¹	Aging of Pending Cases		Total
				Less than 1 year to less than 2 years	2 years to 5 years or more	
Regional Trial Court	1,235	276	462	233,226	209,669	442,895
Municipal Circuit Trial Court	461	102	86	23,435	7,353	30,788
Municipal Trial Court	373	80	110	22,924	9,316	32,240
Municipal Trial Court in Cities	266	69	368	56,153	16,342	72,495
Family Court	183	38	485	44,218	26,161	70,379
Metropolitan Trial Court	169	42	443	44,729	11,487	56,216
Sharia Circuit Court	51	31	47	526	412	938
Sharia District Court	5	4	172	117	55	172
Total	2,743	642	336	425,328	280,795	706,123

¹Average case load per judge is computed using this formula: [Number of pending cases]/[Number of judges].

The number of judges is derived by subtracting the number of vacancies from the number of courts.

Source: Statistical Reports Division, Court Management Office, Office of the Court Administrator



OVERALL QUALITY OF CIVIL JUSTICE OF ASEAN MEMBER COUNTRIES

Countries	Index Score		Percentile Rank	
	2019	2021	2019	2021
Philippines				
<i>PDP Target</i>	Increasing ²	Increasing	25.00	27.00
<i>Actual Performance</i>	0.44	0.45	21.43	27.34
Singapore	0.83	0.80	96.03	94.24
Malaysia	0.60	0.64	66.67	75.54
Thailand	0.49	0.48	39.68	36.69
Vietnam	0.45	0.46	25.40	29.50
Indonesia	0.44	0.45	19.05	24.46
Myanmar	0.36	0.35	3.17	2.16
Cambodia	0.23	0.25	0.00	0.00

¹The WJP-ROLI covered 126 and 139 countries in 2019 and 2021, respectively. Its Civil Justice Factor measures the accessibility, affordability, impartiality, efficiency and effectiveness of a country's civil justice system. Higher index scores and percentile ranks mean better performance.

²The Philippine Development Plan (PDP) targets an increasing score from the 2016 baseline score of 0.45.

Source: World Justice Project-Rule of Law Index (WJP-ROLI); Enhanced Philippine Development Plan 2017 - 2022

PHILIPPINES: CIVIL JUSTICE INDICATORS¹



Key Indicators	Score		Percentile Rank	
	2019	2021	2019	2021
People can access and afford civil justice.	0.49	0.53	30.95	39.57
Civil justice is not subject to unreasonable delay.	0.32	0.35	22.22	33.09
Civil justice is free of discrimination.	0.42	0.45	18.25	24.46
Civil justice is free of corruption.	0.50	0.50	47.62	46.04
Civil justice is free of improper government influence.	0.38	0.32	28.57	17.99
Civil justice is effectively enforced.	0.43	0.44	30.95	32.37
Alternative dispute resolution mechanisms are accessible, impartial, and effective.	0.57	0.59	21.43	26.62

¹The maximum score for each indicator is 1.0. Percentile rank means the percentage of countries included in the survey (126 and 139 in 2019 and 2021, respectively) with a lower score than the Philippines. Higher scores and percentile ranks mean better performance.

Source: World Justice Project-Rule of Law Index (WJP-ROLI)

HIGHLIGHTS

- ❑ *Expenditure Program.* The Judiciary's 2023 Expenditure Program amounts to P52.7 billion—of which P51.4 billion (97.5%) are new appropriations and P1.3 billion (2.5%) are automatic appropriations. About P37.5 billion (71.2%) of the total amount is for Personal Services (PS), while P9.2 billion (17.5%) and P5.9 billion (11.3%) are for Maintenance and Other Operating Expenses (MOOE) and Capital Outlays (CO), respectively.
- ❑ *Allocation by Agency.* Of the P52.7 billion expenditure program, 81.7% (P43.1 billion) will go to the Supreme Court and Lower Courts (SCLC). The remaining P9.7 billion will be shared by the other Judiciary agencies—of which the Court of Appeals (CA) which will receive P6.6 billion or 12.5% of the total expenditure program for 2023. While the SCLC continues to get the bulk of the Judiciary budget, the biggest budgetary increment in 2023 will go to CA.
- ❑ *Unfilled Positions.* Of the 41,313 permanent positions in the Judiciary in 2021, a total of 13,024 plantilla positions or 31.5% were unfilled. The number of unfilled positions in the Judiciary is projected to be lower at 12,924 compared to 2021—with reduction due to lower unfilled positions at the Court of Appeals in 2022. The SCLC accounts for 95% or 12,311 of total unfilled positions in 2022.
- ❑ *New Appropriations by Cost Structure.* Total proposed new appropriations for the Judiciary in 2023 amounts to P51.4 billion. *Operations* is the largest cost component with an allocation of P28.4 billion (55.2%). Meanwhile, *General Administration and Support* (GAS) gets P21.2 billion (41.3%), and *Support to Operations* (STO) with P1.8 billion (3.5%).
- ❑ *Allocation by Program.* The SCLC's Adjudication Program gets the largest share of P24.3 billion or 85.7% of the total Operations Budget (P28.4 billion) of the Judiciary. Allocations for the adjudication programs of other courts are as follows: CA (P3.3 billion or 11.7%), Sandiganbayan (P492 million or 1.7%), and Court of Tax Appeals (P199.6 million or 0.7%), respectively. The Presidential Electoral Tribunal's Adjudication of Presidential and Vice-Presidential Electoral Protest Program has the lowest allocation and the only agency that has reduced Operations budget at P53.9 million or just 0.2%.
- ❑ *Budget Utilization and Unused Appropriations.* Budget utilization of the Judiciary, as measured by the obligation-to-appropriations ratio (OAR), is steadily increasing from 95.5% in 2019 to 98.4% in 2021. The SCLC posted the highest OAR at 99.3% while the Sandiganbayan had the lowest at 82.8%. Total unused appropriations in 2021 was lower at P733.4 million compared to P952.23 million in 2021 and P1.9 billion in 2019.
- ❑ *Compliance with Audit Recommendations.* Twenty-eight (28) out of the 111 prior years' recommendations (PYRs) of the Commission on Audit (COA) were not implemented (as of December 2021). The PET posted full compliance while COA reports unimplemented recommendations for CA (17), Sandiganbayan (10), and CTA (1). The 2021 Annual Audit Report (AAR) for SCLC is not available in the COA website.

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THE JUDICIARY

I. MANDATE AND ORGANIZATIONAL OUTCOMES

1.1 **The Judiciary** refers to the court system headed by the Supreme Court and composed of all lower courts, the Presidential Electoral Tribunal, Sandiganbayan, Court of Appeals and Court of Tax Appeals. Under Section 1, Article VIII of the 1987 Constitution, it has the constitutional duty “to settle actual controversies involving rights which are legally demandable and enforceable, and to determine whether or not there has been a grave abuse of discretion amounting to lack or excess of jurisdiction on the part of any branch or instrumentality of the Government”.¹

1.2 Chapter 6 of the Philippine Development Plan (PDP) 2017-2022 identifies the pursuit of swift and fair administration of justice as a key strategy to enhance the social fabric and to achieve “*Matatag, Maginhawa, at Panatag na Bubay*” for all Filipinos in 2040. It considers a Judiciary that promptly and efficiently decides on criminal cases to penalize those who violate the laws, as crucial in promoting the rule of law in the country and enhancing the people’s trust in government. The Judiciary comprises the following courts responsible for delivering key budgetary outcomes that ensure the swift and fair administration of justice.

- The **Supreme Court and Lower Courts (SCLC)** are responsible for independent, effective and efficient administration of justice. They settle actual controversies involving rights which are legally demandable and enforceable. The Supreme Court, in particular, has the exclusive power to promulgate rules concerning the protection and enforcement of constitutional rights.
- The **Presidential Electoral Tribunal (PET)** aims to achieve the fair and speedy resolution of Presidential and Vice Presidential electoral cases/contests. In line with its agency mandates, the PET has the power to issue subpoenas or order the arrest of witnesses or the production of documents and other evidence.
- The **Sandiganbayan** has responsibilities under existing laws and the national budget to render independent, effective and efficient judgments on cases involving graft and corrupt practices committed by public officials and employees.
- The **Court of Appeals (CA)** reviews all final judgments, decisions, orders or awards of RTC and quasi-judicial agencies, instrumentalities, boards or commissions except those falling within the appellate jurisdiction of the SC.

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- The **Court of Tax Appeals (CTA)** has exclusive jurisdiction to review appeals arising from the decisions or inaction of the Commissioner of Internal Revenue or the Commissioner of Customs involving their responsibilities under the National Internal Revenue Code and the Customs Law.

II. SOURCES OF APPROPRIATIONS

2.1 The Judiciary will have ₱52.7 billion in total appropriations for 2023, consisting of ₱51.4 billion (97.5%) in *new appropriations* and P1.3 billion (2.5%) in automatic appropriations. The proposed new appropriations for the Judiciary next year is ₱5.7 billion or 12.4% higher than the 2022 level. Automatic appropriations are included in annual budgets by virtue of a law (i.e., Commonwealth Act No. 186 and Republic Act No. 660) but no longer requires Congressional approval. The automatic appropriations primarily cover payments for the Retirement and Life Insurance Premiums (RLIP) of Judiciary employees.

TABLE I
SOURCES OF FUNDS, 2021-2023
THE JUDICIARY

Particulars	Amounts (In Million Pesos)			Share to Total Appropriations (%)		
	2021	2022	2023	2021	2022	2023
New Appropriations	44,108.9	45,735.0	51,426.3	95.0	95.8	97.5
Supplemental Appropriations	-	-	-	-	-	-
Automatic Appropriations	1,257.5	1,248.0	1,309.9	2.7	2.6	2.5
Continuing Appropriations	951.8	733.4	-	2.1	1.5	-
Budgetary Adjustments	106.2	-	-	0.2	-	-
Total Available Appropriations	46,424.4	47,716.4	52,736.2	100.0	100.0	100.0
LESS: Unused Appropriations	(733.4)	(733.4)	-	(1.6)	(1.5)	-
Total Obligations	45,691.0	46,983.0	52,736.2	98.4	98.5	100.0

Note: Totals may not add up due to rounding off.

Source of basic data: FY 2023 National Expenditure Program (NEP)

2.2 Since the Constitution vests the Judiciary with fiscal autonomy, its unused appropriations can be carried over and become part of its continuing appropriations for the succeeding fiscal years. For the current fiscal year (2022), the Judiciary has a total of P733.4 million in continuing appropriations, 78% of which came from the unused appropriations of the SCLC and Sandiganbayan from previous years' General Appropriations Act (GAA). About P392.3 million of the continuing appropriations of the Judiciary in 2022 are based on the 2019-2021 budget authorization², while P341.1 million are authorized under much older GAAs (2010-2018).

² The cash-based budgeting policy that provides for a one-year effectivity of annual appropriations was introduced in 2019.

III. EXPENDITURE PROGRAM

3.1 Of the P52.7 billion expenditure programs, 81.7% (P43.1 billion) will go to the Supreme Court and Lower Courts (SCLC) (*Table 2*). The remaining P9.7 billion will be shared by the other Judiciary agencies—of which the Court of Appeals (CA) will receive P6.6 billion or 12.5% of the total expenditure program for 2023. Compared to the 2022 budget, all the agencies under the Judiciary will have higher allocations—with CA and SCLC posting the biggest increments of P3 billion and P2.2 billion, respectively.

**TABLE 2
EXPENDITURE PROGRAM BY AGENCY, 2021-2023**

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
SCLC	40,155.8	40,821.2	43,062.9	87.9	86.9	81.7
PET	160.2	162.7	167.3	0.4	0.3	0.3
SB	1,304.6	1,621.7	2,104.9	2.9	3.5	4.0
CA	3,524.8	3,596.5	6,605.8	7.7	7.7	12.5
CTA	545.6	780.8	795.2	1.2	1.7	1.5
TOTAL (Judiciary)	45,691.0	46,983.0	52,736.2	100.0	100.0	100.0

Source of basic data: BESF 2023

3.2 Table 3 presents the Judiciary's expenditure program by expense class for the period 2021-2023. Personal Services (PS) is the largest component—accounting for an average of over three-fourths (76.5%) of the Judiciary's annual budget. For 2023, total PS amounts to P37.5 billion or 71.2% of total Judiciary budget. Nominally, this is higher by P1.1 billion but the PS share is lower than the current year (77.5%). The SCLC accounts for P32.5 billion or 89.4% of total PS of the Judiciary. Among Judiciary agencies, the SCLC, Presidential Electoral Tribunal (PET) and CA will have higher PS allocations in 2023 compared to 2022 levels (*Annexes 1 and 2*). Meanwhile, the amount of P9.2 billion and P6 billion will be used for Maintenance and Other Operating Expenses (MOOE) and Capital Outlays (CO), respectively.

**TABLE 3
EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2021-2023**

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
PS	36,875.1	36,431.0	37,533.6	80.7	77.5	71.2
MOOE	6,931.4	8,400.6	9,218.8	15.2	17.9	17.5
CO	1,884.4	2,151.4	5,983.8	4.1	4.6	11.3
Fin Ex	-	-	-	-	-	-
TOTAL	45,691.0	46,983.0	52,736.2	100.0	100.0	100.0

Source of basic data: BESF 2023

3.3 For the period 2021-2023, the PS budget share has been declining while that of CO is steadily increasing. Notably, spending for CO in the Judiciary in 2023 is expected to be higher by about 178%—i.e., it will get P3.8 billion of the total P5.7 billion increment in its overall budget next year.

- 3.4 Table 4 shows that between 2020 and 2021, the number of authorized positions in the Judiciary increased by 193 positions. However, out of the 41,313 permanent positions in the Judiciary in 2021, a total of 13,024 plantilla positions or 31.5% were unfilled. The number of unfilled positions in the whole Judiciary is projected to be lower at 12,924 compared to 2021 due to easing of restrictions due to the COVID-19 pandemic and hiring of additional personnel in relation to the opening of new courts. The reduction can be traced to lower unfilled position in 2022 at the Court of Appeals.

**TABLE 4
NUMBER OF AUTHORIZED AND UNFILLED POSITIONS BY AGENCY, 2020-2023**

Agency	Authorized Positions				Unfilled Positions			
	2020	2021	2022	2023	2020	2021	2022	2023
SCLC	38,294	38,436	38,436	38,436	12,275	12,311	12,311	12,311
PET	151	151	151	151	95	86	86	86
SB	543	564	573	573	98	85	92	92
CA	1,777	1,807	1,807	1,807	386	459	352	352
CTA	355	355	355	355	82	83	83	83
TOTAL	41,120	41,313	41,322	41,322	12,936	13,024	12,924	12,924

Source: Staffing Summary 2022-2023

- 3.5 Note that 32% of SCLC permanent positions were unfilled in 2021, and same large proportion of unfilled positions is projected for 2022 and 2023. The PET, which has the smallest number of permanent positions (i.e., 151 or 0.4% of total Judiciary permanent) has the lowest unfilled positions at 352 or 19% in the same year.

IV. NEW APPROPRIATIONS

- 4.1 For 2023, a total of P51.4 billion in new appropriations is being proposed for the Judiciary (Table 5). This proposed amount is P21.5 billion lower than the P72.9 billion budget requested by the Judiciary. Of the P51.4 billion proposed new appropriations, P28.4 billion (55.2%) is intended for the Operations of Judiciary while P21.2 billion (41.3%) is for General Administration and Support (GAS). Meanwhile, Support to Operations (STO) will get a budget of P1.8 billion or 3.5% of the total new appropriations.

**TABLE 5
NEW APPROPRIATIONS BY AGENCY AND COST STRUCTURE, FY 2023**

Agency	Amounts (In Million Pesos)				Share to Total Agency (%)			
	GAS	STO*	Operations	Total Agency	GAS	STO	Operations	Total Agency
SCLC	15,839.3	1,742.5	24,341.3	41,923.1	37.8	4.2	58.1	100.0
PET	108.2	-	53.9	162.1	66.7	0.0	33.3	100.0
SB	1,548.8	33.5	492.1	2,074.3	74.7	1.6	23.7	100.0
CA	3,173.1	-	3,318.9	6,492.0	48.9	0.0	51.1	100.0
CTA	575.2	-	199.6	774.8	74.2	0.0	25.8	100.0
TOTAL	21,244.5	1,776.0	28,405.8	51,426.3	41.3	3.5	55.2	100.0

Source of basic data: NEP 2023

*The total for SCLC – STO 2023, includes locally funded projects amounting to P1.4 billion.

- 4.2 Operations consist of program expenditures that relate to the main purpose for which an agency has been created, and involve the direct production of goods or delivery of services or direct engagement in regulations (2023 BESEF, p. 920). GAS is the cost component of the agency budget which consists of the activities and projects dealing with overall administrative management and operational support to the entire agency operations (*Ibid.*, p. 914). Meanwhile, STO funds are used to provide staff, technical, and/or substantial support to operations, but do not produce goods or deliver services directed at a target population or client group external to the agency (*Ibid.*, p. 924).
- 4.3 Table 6 presents the breakdown of the Operations budget by Program across the Judiciary agencies. The proposed Operations budget (P28.4 billion) of the Judiciary is P2.9 billion higher than its 2022 level, largely due to the P2.2 billion and P673.1 million increase in the CA's and SCLC's Operations Budget, respectively, while PET's Operations budget is reduced by P2.4 million.

TABLE 6
SUMMARY OF PROGRAMS FOR 2021-2023
THE JUDICIARY

Program / Implementing Agency	Amount (In Million Pesos)			% Share to Total Program			Growth Rates '22-'23 (%)
	2021	2022	2023	2021	2022	2023	
Adjudication (SCLC)	22,963.0	23,668.2	24,341.3	91.6	92.9	85.7	2.8
Appellate Adjudication (CA)	1,444.0	1,117.5	3,318.9	5.8	4.4	11.7	197.0
Sandiganbayan Adjudication (SB)	436.4	452.4	492.1	1.7	1.8	1.7	8.8
Tax Appellate Adjudication (CTA)	191.1	194.4	199.6	0.8	0.8	0.7	2.7
Adjudication of Presidential and Vice-Presidential Electoral Protest (PET)	42.0	56.3	53.9	0.2	0.2	0.2	-4.3
TOTAL	25,076.6	25,488.8	28,405.8	100.0	100.0	100.0	11.4

Source: GAA 2021-2022 and NEP 2023

- 4.4 The SCLC's Adjudication Program continues to get the bulk of the Judiciary's Operations budget in 2023 given its allocation of P24.3 billion, which is equivalent to 85.7% of total. The CA's Appellate Adjudication Program comes in second with P3.3 billion. Both the SCLC and the CA will have higher allocations next year, but CA will significantly increase with a budget that is almost thrice as much as its 2022 level. As a result, the Appellate Adjudication Program of CA will also increase in budget share to 11.7% while the rest have reduced shares. Nominally, the proposed budgets for the different adjudication programs will increase in 2023, except for PET which is going to be lower by 4.3% at P53.9 million.

V. PERFORMANCE REVIEW

5.1 The Obligation-Appropriations Ratio (OAR) measures how well an agency uses its appropriations. When an agency obligates its appropriations, it makes a binding commitment to the immediate or eventual payment of a sum of money for employees, suppliers, and contractors who deliver certain goods and services in its behalf.³ Overall OAR of the Judiciary is on a steadily increasing trend—i.e., from 95.5% in 2019 to 98.4% in 2021 (Table 7).

5.2 As a result of its higher OAR, the Judiciary’s unused appropriations dropped substantially to less than a billion pesos at P733.4 million in 2021, from relatively high levels of P952 million in 2020 and P1.9 billion in 2019. Unused appropriations can be broken down as unreleased appropriation by the DBM or unobligated allotments of the agency. In 2021, total unused appropriations (P733.4 million) of the Judiciary were all unobligated allotments.

TABLE 7
OBLIGATIONS-APPROPRIATIONS RATIO
AND UNUSED APPROPRIATIONS, 2019-2021

Particulars	Obligation-Appropriations Ratio (%)			Unused Appropriations (In Million Pesos)		
	2019	2020	2021	2019	2020	2021
SCLC	95.8	98.5	99.3	1,529.2	585.4	302.5
PET	98.2	98.1	98.3	2.6	2.9	2.8
SB	84.4	83.9	82.8	281.1	269.6	270.7
CA	98.9	99.1	98.0	36.6	28.1	70.5
CTA	86.1	90.0	86.3	72.7	66.2	87.0
TOTAL (Judiciary)	95.5	97.8	98.4	1,922.3	952.2	733.4

Sources of basic data: NEP 2021-2023

5.3 The SCLC, which accounted for 87% of the Judiciary’s total available funds in 2021, posted higher OAR in 2021 of 99.3% from 98.5% in 2020—thus, substantially pulling up the overall OAR performance of the Judiciary. It was able to increase the Judiciary’s OAR to 98.4% in 2021 from 97.8% in 2020—and consequently lowered the unused appropriations.

5.4 The CA, CTA and the Sandiganbayan had lower OARs in 2021 compared to 2020. Moreover, both Sandiganbayan and CTA had OARs that were below 90% (except for CTA in 2020). Note that the SCLC and the Sandiganbayan were the only Judiciary agencies with unused appropriations that exceeded P100 million since 2019. It may be noted though that with steady improvement in SCLC’s obligation rate, it was able to bring down its unused appropriations from P1.5 billion in 2019 to P302.5 million in 2021.

³ *Obligation is a commitment by a government agency arising from an act of a duly authorized official which binds the government to the immediate or eventual payment of a sum of money. The agency is authorized to incur obligations only in the performance of activities which are in the pursuit of its functions and programs authorized in appropriations acts/laws within the limit of the allotment released by the DBM (Glossary, 2023 BESE, p. 919)*

TABLE 8
DISBURSEMENT RATE BY AGENCY, 2020-2021
(AMOUNTS IN MILLION PESOS)

Particulars	2020*			2021*		
	Appropriations	Disbursements	Disbursement Rate (%) ^{a/}	Appropriations	Disbursements	Disbursement Rate (%) ^{a/}
SCLC	37,964.7	36,999.9	97.5	40,458.3	39,542.3	97.7
PET	154.4	149.8	97.0	163.0	158.7	97.4
SB	1,673.3	1,401.6	83.8	1,575.3	1,300.2	82.5
CA	3,182.9	3,150.1	99.0	3,595.3	3,511.9	97.7
CTA	661.9	595.2	89.9	632.5	545.5	86.2
TOTAL	43,637.2	42,296.5	96.9	46,424.4	45,058.7	97.1

a/ Disbursement rate – ratio of disbursements to appropriations

* Based on 2020 and 2021 SAAODB (Final), DBM

5.5 Table 8 shows that overall disbursement rate of the Judiciary in 2021 is higher at 97.1% compared to 96.9% in 2020. This means that the Judiciary was able to disburse P45.1 billion of its P46.4 billion appropriations in 2021. Only Sandiganbayan and CTA posted relatively lower disbursement rates in 2020-2021—even declining in 2021 to 82.5% and 86.2%, respectively. The rest of the Judiciary agencies (SCLC, PET and CA) had at least 97% disbursement rate. Budget utilization performance based on disbursements indicates the extent that appropriations have been actually spent to pay for services performed or goods and services produced or delivered.

5.6 In terms of budget utilization by Adjudication programs of the Judiciary, all agencies obligated almost all of their available funds in 2021, with the exception of the CTA (Table 9). While the rest of the Judiciary agencies had obligation rates higher than 99%, the CTA posted a relatively low obligation rate at 74.7%. Both the SCLC and the PET posted obligation rates above 100% due to fund realignments from one cost component to another (e.g., from GAS/STO to Operations). Note that the 2021 *Financial Accountability Report (FAR) No. 1* of the SCLC and the PET reported allotments that were higher than appropriations at P30.8 billion and P67.4 million, respectively.

TABLE 9
BUDGET UTILIZATION BY MAJOR PROGRAM, 2021
(AMOUNTS IN MILLION PESOS)

Program (Implementing Agency)	Appropriations	Obligations	Disbursements	Obligation Rate (%) ^{a/}	Disbursement Rate (%) ^{b/}
Adjudication (SCLC)	23,949.3	30,779.9	30,515.7	128.5	127.4
Adjudication of Presidential and Vice-Presidential Electoral Protest (PET)	45.5	67.4	66.0	148.0	145.0
Sandiganbayan Adjudication (SB)	435.6	431.4	430.1	99.0	98.7
Appellate Adjudication (CA)	1,450.8	1,442.3	1,433.3	99.4	98.8
Tax Appellate Adjudication (CTA)	257.3	192.1	192.1	74.7	74.7

a/ Obligation rate – ratio of obligations to appropriations

b/ Disbursement rate – ratio of disbursements to appropriations

Source: SAAODB 2021 (FAR No. 1 in Transparency Seal)

5.7 Table 10 shows the performance of the SCLC based on two key output indicators: (i) number of resolutions/decisions issued and (ii) case disposition rate. For 2021, the nine (9) SCLC courts targeted to issue a total of 772,044 court resolutions or decisions. By the end of 2021, a total of 911,453 resolutions/decisions were issued which exceeded its overall target by 18% (139,409 cases). Note that the number of resolutions/decisions issued by the SCLC in 2021 is more than three times the actual performance (303,248) in 2020, the first year of the pandemic.

TABLE 10
PERFORMANCE INDICATORS OF MAJOR PROGRAMS, 2021-2023

Program (Agency)	2021		2022 Target	2023 Target
	Target	Actual		
SCLC Adjudication (Supreme Court)				
<i>Output Indicators</i>				
Number of resolutions/decisions				
<i>Supreme Court</i>	6,000	3,975	6,000	6,000
<i>Regional Trial Courts</i>	485,903	184,673	238,861	238,861
<i>Metropolitan Trial Courts</i>	43,775	46,840	49,073	49,073
<i>Municipal Trial Courts in Cities</i>	110,684	80,730	66,108	66,108
<i>Municipal Circuit Trial Courts</i>	38,575	86,206	24,909	24,909
<i>Municipal Trial Courts</i>	37,190	476,890	24,069	24,069
<i>Sharia District Courts</i>	55	41	47	47
<i>Sharia Circuit Courts</i>	620	592	493	493
<i>Child and Family Courts</i>	49,242	31,506	21,811	21,811
TOTAL	772,044	911,453	463,1371	463,371
Disposition rate of the courts				
<i>Supreme Court</i>	34%	33%	34%	39%
<i>Regional Trial Courts</i>	62%	30%	36%	36%
<i>Metropolitan Trial Courts</i>	62%	47%	50%	50%
<i>Municipal Trial Courts in Cities</i>	73%	53%	50%	50%
<i>Municipal Circuit Trial Courts</i>	54%	73%	40%	40%
<i>Municipal Trial Courts</i>	68%	87%	45%	45%
<i>Sharia District Courts</i>	21%	21%	24%	24%
<i>Sharia Circuit Courts</i>	38%	44%	36%	36%
<i>Child and Family Courts</i>	47%	32%	25%	25%
Appellate Adjudication (CA)				
<i>Outcome Indicators</i>				
Resolution of cases	46%	33%	46%	46%
Rate of reduction of aging of cases from filing to disposition	5%	21%	5%	5%
Percentage of court users who believe the court provides accessible, accurate, timely, knowledgeable and courteous service	95%	98%	95%	95%
<i>Output Indicators</i>				
Number of cases disposed	14,520	10,730	14,520	14,520
Percentage of cases filed this year that were disposed	17%	10.27%	17%	17%
Sandiganbayan Adjudication				
<i>Output Indicators – Case Management</i>				
Number of cases processed (filed, docketed, raffled, assigned and calendared)	5,640	3,473	5,640	5,640
Percentage reduction in aging of court cases from filing to disposition	6.26%	14.89%	6.26%	6.26%
<i>Output Indicators – Case Disposition</i>				
Percentage of cases disposed	353 (6.26%)	517 (14.89%)	353 (6.26%)	353 (6.26%)

Source: NEP 2023

- 5.8 Three (3) of the nine (9) courts exceeded their performance targets for resolutions/decisions issued: Metropolitan Trial Courts (MTC), Municipal Circuit Trial Courts (MCTC) and Municipal Trial Courts (MTC)—the latter exceeding its target by 439,700 cases in 2021. This may be largely attributed to the enactment of RA No. 11576 which expanded the jurisdiction of first-level courts.⁴ On the other hand, actual accomplishments of some courts such as the Regional Trial Courts (RTC), MTCC and Child and Family Courts were below performance targets.
- 5.9 In terms of disposition rates, only three courts (under the SCLC) met their targets for 2021—i.e., the Municipal Trial Circuit Courts and Municipal Trial Courts which both exceeded the targets by 19 percentage points, and the Sharia District Courts by 6 percentage points. It may be noted that for 2022, the targets were lowered for most of the courts (with the exception of SC and the Sharia District Courts).
- 5.10 In 2021, the CA disposed 10,730 cases or 26.1% lower than target. It resolved only 33% of its handled cases—which was 13 percentage points lower than target. Despite these unmet performance targets, the percentage of court users who believe that the CA is accessible, accurate, timely, knowledgeable, and courteous is high at 98% (and above the target: 95%).
- 5.11 Meanwhile, the Sandiganbayan disposed 517 cases which was 46.5% higher than its target of 353 cases in 2021. However, it needs to improve on case management given a shortfall of 38% against its target (5,640) in terms of the number of cases processed.
- 5.12 Alternative Dispute Resolution (ADR) contributed to unclogging of court dockets. The 2021 data from the DOJ-Office for Alternative Dispute Resolution (OADR) reported 201,498 cases that were settled through mediation, conciliation, and arbitration under the *Katarungang Pambarangay*. Meanwhile, to ensure the continued operation of the trial court amid the pandemic, the SC institutionalized the use of videoconferencing for hearings and authorized Philippine embassies and consulate to serve as venues for online hearings for litigants abroad (Chapter 6, Socioeconomic Report 2021, page 64-65).

VI. COA FINDINGS AND RECOMMENDATIONS

- 6.1 The Commission on Audit (COA) prepares an Annual Audit Report (AAR) which contains observations and recommendations that deal with the reliability and accuracy of financial reports, and the proper and wise utilization of public funds. To date, all the AARs for 2021 of the five Judiciary agencies (except the SCLC) are available in the COA website.

⁴ RA No. 11576 “An Act Further Expanding the Jurisdiction of the Metropolitan Trial Courts, Municipal Trial Courts in Cities, Municipal Trial Courts, and Municipal Circuit Trial Courts”, which substantially reduced the number of cases docketed in the RTCs.

TABLE II
STATUS OF IMPLEMENTATION OF COA RECOMMENDATIONS
(AS OF 31 DECEMBER 2021)

Particulars	Total	Implemented		Not Implemented	
		Number	(%)	Number	(%)
PET	1	1	100	0	0
Sandiganbayan	31	21	68	10	32
CA	72	55	76	17	24
CTA	7	6	86	1	14

Source: COA Annual Audit Reports 2021 (Part 3)
No 2021 AAR for the SCLC available

- 6.2 Table 11 shows the compliance of Judiciary agencies to COA’s recommendations in the AARs for 2020 and prior years. Note that the COA reports in the 2021 AAR the agency’s actions to address prior year’s recommendations (PYRs), and reiterates those that are not implemented. The number of PYRs for an agency thus measures the quality of its public financial management (PFM) and its responsiveness to address PFM issues identified during COA audits.
- 6.3 The 2021 AAR reports a total of 111 PYRs for the Judiciary (excluding SCLC) which is higher than the 89 PYRs of the previous year. Of the 111 PYRs, the CA accounts for 72—of which 55 were implemented and 17 or 24% were not implemented. Sandiganbayan posted the lowest compliance rate at 68%—i.e., only 21 of the 31 PYRs were implemented. Overall, compliance rate of the Judiciary (excluding SCLC) was at 75% with a total of 28 PYRs unimplemented. Meanwhile, the 2020 AAR of the SCLC reports a total of 99 PYRs—of which 78 were unimplemented.
- 6.4 **Unimplemented PYRs.** The key PFM issues linked to unimplemented COA recommendations pertain to weak accounting and inventory controls and low budget utilization performance. The following illustrate these key issues:
- ❑ *Weak inventory system and controls.* Lack of an inventory accounting system leads to inefficient tracking of actual transactions which prevented the prompt and accurate financial recording/reporting of about P5.4 million. The COA recommended the conduct of detailed account analysis and verification of the outstanding balances of the inventory accounts with continuous enhancement of the reporting procedures (page 79-82, 2020 CA AAR).
 - ❑ *Unreconciled Balances of Inventory Accounts.* The Sandiganbayan has unaccounted items and unrecorded disposed items amounting to P2.6 million and P5.3 million, respectively. Billing/charging of unaccounted items were recommended to be charged to the Accountable Officers and for Accounting and Property Supply Section (PSS) to reconcile their records (p. 81-82, 2018 Sandiganbayan AAR).

- ❑ *Low budget utilization of funds for Gender and Development (GAD).* Only P1.5 million or 5% of the P31.6 million budget for 2020 GAD activities of the Sandiganbayan was utilized. Meanwhile, the CA had a total approved budget of P11.4 million for its 20 planned GAD activities. However, only nine (9) activities worth P332 thousand or 2.9% were spent. The CTA posted the highest utilization of its GAD budget amounting to P253.5 million, but it is still relatively low at 57.4% (equivalent to P145.6 million).

To address the issue of inefficient budget utilization, COA recommended that the Judiciary agencies—(1) re-evaluate the current project approaches and present a modified plan in the ensuing year, and to consider implementing planned activities through other forms of remote working, (2) enhance the implementation of GAD plans and projects to better address the gender issues (p. 74-75, 2020 Sandiganbayan AAR; p. 79-81, 2020 CA AAR).

- ❑ *Lack of adequate accounting controls.* Reimbursement of P6.3 million (as of 31 December 2019) which was recorded under the Fuel, Oil and Lubricants Expenses were found to be questionable. COA recommended the use of Fleet Cards in lieu of reimbursements to ensure efficient processing of gasoline expense. (p. 99-100, 2019 CA AAR)

6.5 **Key Audit Findings and Recommendations.** The following were the key COA findings in the 2020 AAR of the SCLC and the 2021 AARs of other Judiciary agencies.

Supreme Court and Lower Courts (SCLC)

- ❑ *Unreliable Cash-Collecting Officers account.* With a balance of P989.3 million as of 31 December 2020, this account was found to be unreliable primarily due to unidentified accountable Special Collecting Officers (SCOs) accountable. In 2020, there were 1,298 SCOs handling collections and deposits of legal fees and other fees of lower courts nationwide. The said fees are deposited in the Judiciary Development Fund (JDF), Special Allowance for Judiciary Fund (SAJF), and other funds. The audit team has recommended that Management ensure the validity of the cash balance held by the SCO's and hold them accountable for the undeposited collections at year-end and demand remittance of the funds and maintain Subsidiary Ledger (SL) for each SCO in the e-NGAS to facilitate monitoring of the cash accountability of every SCO. (2020 AAR p. 64-71).
- ❑ *Inaccurate cash balance in the agency's bank current accounts.* As of 31 December 2020, the SC Local Currency, Current Account (LCCA) and Cash in Bank – LCSA amounting to P1.1 billion and P25.969 billion, respectively, at the Land Bank of the Philippines (LBP) were found to be unreliable. COA recommended the reconciliation of the discrepancies between the book balances and current bank accounts, adjusting/closing of entry in order to close the accounts, and to provide the necessary supporting documents (2020 AAR, p.72-86).

- ❑ *Incorrect Balance of the Due from NGAs account.* Discrepancies on the balances of the Due from NGAs account between the Office of the Court Administrator (OCA)/Lower Courts and the PS DBM Statement of Account totaled to P188.5 million (as of 31 December 2020). The balance of the Due from NGAs pertains to advances to or receivables from the PS-DBM for the purchase of supplies for lower courts nationwide. These findings have been flagged in the prior year’s audit observations (2020 AAR p. 95-96).
- ❑ *Bail bonds and Sheriff’s fees entrusted to local treasurers.* Bail bonds and Sheriffs’ fees of the OCA/Lower Courts amounting to P148.4 million which were collected by 102 SCOs of lower courts nationwide were entrusted to treasurers of local government units (LGUs) instead of being deposited directly to the authorized government depository banks. This deprived the government of interest income and exposed the funds to possible risk of loss or misuse (2020 AAR, p.99-101).
- ❑ *Unliquidated cash advances.* Cash advances to 137 SCLC officers and employees totaling P10.3 million remained unliquidated as of 2020 year-end (2020 AAR, p. 115).
- ❑ *Unbonded Accountable Officers (AOs) or expired Fidelity Bonds.* As of the end of 2020, about 78% or 1,320 of the total 1,696 AOs nationwide were not bonded or with expired Fidelity Bond—hence, exposing the SCLC to risk of not being indemnified in case of loss and/or misuse of government funds (2020 AAR, p.135-137).
- ❑ *Unutilized funds.* Out of the 61 Hall of Justice (HOJ) projects (worth about P5.1 billion), only 5 were completed. Eight (8) are for completion while 48 HOJ projects are still unimplemented. COA attributed such low completion rate to inadequate planning, slow procurement, and lack of coordination between LGUs and DPWH. Meanwhile, about 76.5% or P3.4 billion of the P4.5 billion funds for the 41 projects under the Enterprise Information Systems Plan (EISP) remained unutilized largely due to slow procurement.

Sandiganbayan

- ❑ *Unreconciled difference.* Comparison made between the balances of Report on the Physical Count of Property, Plant and Equipment (RPCPPE) and the General Ledger (GL) reflected an unreconciled difference of P6.5 million which may cause discrepancies in PPE account balances reflected in the Financial Statements (2021 AAR, p. 47-49).
- ❑ *Non-reporting of GAD Budget Utilization.* The Agency was allocated a total of P71.3 million or about 5.6% of the total approved budget for 2021. However, no expenditure was reported which hindered the auditors to review and evaluate its reported accomplishments (2021 AAR p. 60-62).

Court of Appeals

- ❑ *Overstocking of office supplies.* Poor planning by the Procurement department has resulted to overstocking of office supplies amounting to more than P343 thousand (as of 31 December 2021), which can lead to possible wastage of government resources through obsolescence (2021 AAR, p. 66 - 68).
- ❑ *Very low utilization of GAD funds.* Of the P108.7 million budget for GAD activities, only 2.1% or P2.3 million was spent. Only 12 of the 24 planned projects were actually implemented in 2021 (2021 AAR, p. 71 - 73).
- ❑ *Inadequately insured assets.* The CA's insurable assets and properties worth P369.8 million were not adequately insured under the General Insurance Fund (GIF) of the GSIS as prescribed under Republic Act No. 656 or the Property Insurance Law denying adequate protection against any damage to, or loss of properties due to casualty or other fortuitous events (2021 AAR, p. 74 - 77).

Court of Tax Appeals

- ❑ *Unreturned balance of "Due from NGAs" account.* Unused balance of the account Due from NGAs of close to P351 thousand (as of 31 December 2021) representing deposits to Electronic Wallet (e-Wallet) for CY 2020-2021 were not returned to the agency (2021 AAR, p. 41).
- ❑ *Low utilization of GAD funds.* Of the P125.1 million budget for GAD activities, only 62.8% P78.5 million were spent. Of the 15 projects planned, only 2 were actually implemented in 2021 (2021 AAR, p. 50 - 53).

ANNEX I
EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2021-2023
(AMOUNTS IN MILLION PESOS)

Particulars	2021				2022				2023			
	PS	MOOE	CO	TOTAL	PS	MOOE	CO	TOTAL	PS	MOOE	CO	TOTAL
SCLC	33,413.7	5,629.6	1,112.6	40,155.8	32,578.8	6,743.2	1,499.3	40,821.2	33,907.9	7,524.6	1,630.5	43,062.9
PET	146.9	6.0	7.3	160.2	141.6	13.8	7.3	162.7	146.1	13.9	7.3	167.3
Sandiganbayan	781.1	414.3	109.2	1,304.6	942.4	593.7	85.6	1,621.7	798.9	603.7	702.3	2,105.0
CA	2,157.2	740.1	627.5	3,524.8	2,167.1	897.1	532.3	3,596.5	2,247.9	919.4	3,438.6	6,605.8
CTA	376.3	141.4	27.9	545.6	601.2	152.8	26.9	780.8	432.8	157.3	205.1	795.2
TOTAL	36,875.1	6,931.4	1,884.4	45,691.0	36,431.0	8,400.6	2,151.4	46,983.0	37,533.6	9,218.8	5,983.8	52,736.2

Source: FY 2023 BESF

ANNEX 2
EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2021-2023
(AS PERCENT TO TOTAL AGENCY)

Particulars	2021				2022				2023			
	PS	MOOE	CO	TOTAL	PS	MOOE	CO	TOTAL	PS	MOOE	CO	TOTAL
SCLC	83.2	14.0	2.8	100.0	79.8	16.5	3.7	100.0	78.7	17.5	3.8	100.0
PET	91.7	3.8	4.6	100.0	87.0	8.5	4.5	100.0	87.3	8.3	4.4	100.0
Sandiganbayan	59.9	31.8	8.4	100.0	58.1	36.6	5.3	100.0	38.0	28.7	33.4	100.0
CA	61.2	21.0	17.8	100.0	60.3	24.9	14.8	100.0	34.0	13.9	52.1	100.0
CTA	69.0	25.9	5.1	100.0	77.0	19.6	3.4	100.0	54.4	19.8	25.8	100.0
TOTAL	80.7	15.2	4.1	100.0	77.5	17.9	4.6	100.0	71.2	17.5	11.3	100.0

Source: FY 2023 BESF