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[G.R. No. 159355. August 9, 2010]

GABRIEL C. SINGSON, ANDRE NAVATO, EDGARDO P. ZIALCITA, ARACELI E. VILLANUEVA, TYRONE M. REYES, JOSE CLEMENTE, JR., FEDERICO PASCUAL, ALEJANDRA C. CLEMENTE, ALBERT P. FENIX, JR., and MELPIN A. GONZAGA, *petitioners, vs.* **COMMISSION ON AUDIT,** *respondent.*

SYLLABUS

1. MERCANTILE LAW; CORPORATION CODE; BOARD OF DIRECTORS; COMPENSATION OF DIRECTORS; INSTANCES WHERE THE DIRECTORS ARE TO BE ENTITLED TO COMPENSATION. — Section 30 of the Corporation Code, which authorizes the stockholders to grant compensation to its directors, states: "Sec. 30. *Compensation of Directors*. — In the absence of any provision in the by-laws fixing their compensation, the directors shall not receive any compensation, as such directors, except for reasonable *per diems*; Provided, however, that any such compensation (other than *per diems*) may be granted to directors by the vote of the stockholders representing at least majority of the outstanding capital stock at a regular or special stockholders' meeting. In no case shall the total yearly compensation of directors, as such directors, exceed ten (10%) percent of the net income before income tax of the corporation during the preceding year." In construing the said provision, it bears stressing that the directors of a corporation shall not receive any compensation for being members of the board of directors, except for reasonable *per diems*. The two instances where the directors are to be entitled to compensation shall be when it is fixed by the corporation's by-laws or when the stockholders, representing at least a majority of the outstanding capital stock, vote to grant the same at a regular or special stockholder's meeting, subject to the qualification that, in any of the two situations, the total yearly compensation of directors, as such directors, shall in no case exceed ten (10%) percent of the net

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income before income tax of the corporation during the preceding year.

2. POLITICAL LAW; ADMINISTRATIVE LAW; GOVERNMENT CORPORATIONS; PHILIPPINE INTERNATIONAL CONVENTION CENTER, INCORPORATED; BOARD OF DIRECTORS; ALLOWED TO RECEIVE ONLY *PER DIEMS* FOR EVERY MEETING ACTUALLY ATTENDED; CASE AT BAR. — Section 8 of the Amended By-Laws of PICCI, in consonance with Section 30 of the Corporation Code, restricted the scope of petitioners' compensation by fixing their *per diem* at ₱1,000.00: "Sec. 8. *Compensation*. — Directors, as such, shall not receive any salary for their services but shall receive a *per diem* of one thousand pesos (₱1,000.00) per meeting actually attended; *Provided*, that the Board of Directors at a regular and special meeting may increase and decrease, as circumstances shall warrant, such *per diems* to be received. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any capacity and receiving compensation therefor." The nomenclature for the compensation of the directors used herein is *per diems*, and not salary or any other words of similar import. Thus, petitioners are allowed to receive only *per diems* of ₱1,000.00 for every meeting that they actually attended. However, the Board of Directors may increase or decrease the amount of *per diems*, when the prevailing circumstances shall warrant. No other compensation may be given to them, except only when they serve the corporation in another capacity.

3. ID.; CONSTITUTIONAL COMMISSIONS; CIVIL SERVICE COMMISSION; CONSTITUTIONAL PROSCRIPTION AGAINST DOUBLE COMPENSATION; INAPPLICABLE IN CASE AT BAR; SALARY AND REPRESENTATION AND TRANSPORTATION ALLOWANCE, DISTINGUISHED. — Section 8, Article IX-B of the Constitution provides that no elective or appointive public officer or employee shall receive additional, double or indirect compensation, unless specifically authorized by law, nor accept without the consent of the Congress, any present emolument, office or title of any kind from any foreign government. Pensions and gratuities shall not be considered as additional, double or indirect compensation. This provision, however, does not apply to the present case as there was no double compensation of RATA to the petitioners.

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x x x Section 6 of Republic Act No. 7653 (The New Central Bank Act) defines that the powers and functions of the BSP shall be exercised by the BSP Monetary Board, which is composed of seven (7) members appointed by the President of the Philippines for a term of six (6) years. MB Resolution No. 15, dated January 5, 1994, as amended by MB Resolution No. 34, dated January 12, 1994, are valid corporate acts of petitioners that became the bases for granting them additional monthly RATA of ₱1,500.00, as members of the Board of Directors of PICCI. The RATA is distinct from salary (as a form of compensation). Unlike salary which is paid for services rendered, the RATA is a form of allowance intended to defray expenses deemed unavoidable in the discharge of office. Hence, the RATA is paid only to certain officials who, by the nature of their offices, incur representation and transportation expenses. Indeed, aside from the RATA that they have been receiving from the BSP, the grant of ₱1,500.00 RATA to each of the petitioners for every board meeting they attended, in their capacity as members of the Board of Directors of PICCI, in addition to their ₱1,000.00 *per diem*, does not run afoul the constitutional proscription against double compensation.

4. ID.; ADMINISTRATIVE LAW; ADMINISTRATIVE AGENCIES; DEPARTMENT OF BUDGET AND MANAGEMENT; NATIONAL COMPENSATION CIRCULAR NO. 67; PROHIBITS THE DUAL COLLECTION OF REPRESENTATION AND TRANSPORTATION ALLOWANCE BY A NATIONAL OFFICIAL FROM THE BUDGETS OF MORE THAN ONE NATIONAL AGENCY. — In *Leynes v. Commission on Audit*, the Court clarified that what National Compensation Circular (NCC) No. 67 seeks to prevent is the dual collection of RATA by a national official from the budgets of "more than one national agency." In the said case, the interpretation was that NCC No. 67 cannot be construed as nullifying the power of therein local government units to grant allowances to judges under the Local Government Code of 1991. Further, NCC No. 67 applies only to the national funds administered by the DBM, not the local funds of the local government units. Thus, "The pertinent provisions of NCC No. 67 read: 3. Rules and Regulations: 3.1.1 Payment of RATA, whether commutable or reimbursable, shall be in accordance with the rates prescribed for each of the following officials and employees and those of equivalent ranks, and

the conditions enumerated under the pertinent sections of the General Provisions of the annual General Appropriations Act (GAA): x x x 4. Funding Source: *In all cases, commutable and reimbursable RATA shall be paid from the amount appropriated for the purpose and other personal services savings of the agency or project from where the officials and employees covered under this Circular draw their salaries. No one shall be allowed to collect RATA from more than one source.* In construing NCC No. 67, we apply the principle in statutory construction that force and effect should not be narrowly given to isolated and disjoined clauses of the law but to its spirit, broadly taking all its provisions together in one rational view. Because a statute is enacted as a whole and not in parts or sections, that is, one part is as important as the others, the statute should be construed and given effect as a whole. A provision or section which is unclear by itself may be clarified by reading and construing it in relation to the whole statute. Taking NCC No. 67 as a whole then, what it seeks to prevent is the dual collection of RATA by a national official from the budgets of 'more than one national agency.' We emphasize that the *other source* referred to in the prohibition is *another national agency*. This can be gleaned from the fact that the sentence 'no one shall be allowed to collect RATA from more than one source' (the controversial prohibition) immediately follows the sentence that RATA shall be paid from the budget of the national agency where the concerned national officials and employees draw their salaries. The fact that the other source is another national agency is supported by RA 7645 (the GAA of 1993) invoked by respondent COA itself and, in fact, by all subsequent GAAs for that matter, because the GAAs all essentially provide that (1) the RATA of national officials shall be payable from the budgets of their respective national agencies and (2) those officials on detail with other national agencies shall be paid their RATA only from the budget of their parent national agency: x x x *Clearly therefore, the prohibition in NCC No. 67 is only against the dual or multiple collection of RATA by a national official from the budgets of two or more national agencies. Stated otherwise, when a national official is on detail with another national agency, he should get his RATA only from his parent national agency and not from the other national agency he is detailed to.*"

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5. ID.; ID.; PUBLIC OFFICERS AND EMPLOYEES; DISALLOWED ALLOWANCES AND BENEFITS; NEED NOT BE REFUNDED WHEN RECEIVED IN GOOD FAITH. — The ruling in *Blaquera,* to which the cited case of *ADEPT v. COA* was consolidated with, is applicable to the present case as petitioners acted in good faith. The disposition in *De Jesus v. Commission on Audit*, which cited *Blaquera*, is instructive: "Nevertheless, our pronouncement in *Blaquera v. Alcala* supports *petitioners'* position on the refund of the benefits they received. In *Blaquera,* the officials and employees of several government departments and agencies were paid incentive benefits which the COA disallowed on the ground that Administrative Order No. 29 dated 19 January 1993 prohibited payment of these benefits. While the Court sustained the COA on the disallowance, it nevertheless declared that: Considering, however, that all the parties here acted in good faith, we cannot countenance the refund of subject incentive benefits for the year 1992, which amounts the petitioners have already received. Indeed, no *indicia* of bad faith can be detected under the attendant facts and circumstances. The officials and chiefs of offices concerned disbursed such incentive benefits in the honest belief that the amounts given were due to the recipients and the latter accepted the same with gratitude, confident that they richly deserve such benefits." x x x As petitioners believed in good faith that they are entitled to the RATA of ₱1,500.00 for every board meeting they attended, in their capacity as members of the Board of Directors of PICCI, pursuant to MB Resolution No. 15 dated January 5, 1994, as amended by MB Resolution No. 34 dated January 12, 1994, of the BSP, the Court sees no need for them to refund their RATA respectively, in the total amount of ₱1,565,000.00, covering the period from 1996-1998.

APPEARANCES OF COUNSEL

The General Counsel of the Bangko Sentral ng Pilipinas for petitioners.

The Solicitor General for respondent.

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D E C I S I O N

PERALTA, *J.*:

Before the Court is a petition for *certiorari* seeking to set aside Decision No. 2002-081,[1] dated April 23, 2002, of the Commission on Audit (COA), which affirmed the Decision No. 2000-008,[2] dated June 1, 2000, and the Resolution in CAO I Decision No. 2000-012,[3] dated August 11, 2000, of the Corporate Audit Office I, and the COA Resolution No. 2003-115,[4] dated July 31, 2003, which denied petitioners' motion for reconsideration thereof and upheld the disallowance of petitioners' Representation and Transportation Allowance (RATA) in the total amount of ₱1,565,000.00 under Notice of Disallowance No. 99-001-101 (96-96) dated June 7, 1999.

The antecedents are as follows:

The Philippine International Convention Center, Inc. (PICCI) is a government corporation whose sole stockholder is the *Bangko*

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[1] Entitled *Re: Petition for Review of Mr. Gabriel C. Singson, et al. of CAO I Decision No. 2000-008 dated June 1, 2000, Affirming the Disallowance of the Representation and Transportation Allowance (RATA) under Notice of Disallowance No. 99-001-101 (96-98) dated June 7, 1999 in the Amount of ₱1,565,000.00*; the signatories were Chairman Guillermo N. Carague (abstain) and Commissioners Raul C. Flores and Emmanuel M. Dalman; *rollo*, pp. 24-28.

[2] Entitled *Re: Lifting of the Disallowance on the Payments of Representation and Travel [should be Transportation] Allowance to the Members of the Board of Directors of PICCI;* per Director Crescencio S. Sunico, Corporate Audit Officer I; *id.* at 74-76.

[3] Entitled *Motion for Reconsideration from CAO I Decision No. 2000-008 Affirming the Disallowance on the Payments of Representation and Travel [should be Transportation] Allowance to the Members of the Board of Directors of PICCI;* per Director Crescencio S. Sunico; *id.* at 80.

[4] Entitled *Motion of Ms. Araceli Villanueva, General Manager, Philippine International Convention Center, Inc. (PICCI), Manila, et al. for Reconsideration of COA Decision No. 2002-081 dated April 23, 2002*; the signatories were Chairman Guillermo N. Carague and Commissioners Raul C. Flores and Emmanuel M. Dalman; *id.* at 29-32.

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Sentral ng Pilipinas (BSP). Petitioner Araceli E. Villanueva was then a member of the PICCI Board of Directors and Officer-in-Charge (OIC) of PICCI, while co-petitioners Gabriel C. Singson, Andre Navato, Edgardo P. Zialcita, and Melpin A. Gonzaga, Alejandra C. Clemente, Jose Clemente, Jr., Federico Pascual, Albert P. Fenix, Jr., and Tyrone M. Reyes were then members of the PICCI Board of Directors and officials of the BSP. By virtue of the PICCI By-Laws, petitioners were authorized to receive ₱1,000.00 *per diem* each for every meeting attended. Pursuant to its Monetary Board (MB) Resolution No. 15[5] dated January 5, 1994, as amended by MB Resolution No. 34 dated January 12, 1994, the BSP MB granted additional monthly RATA, in the amount of ₱1,500.00, to each of the petitioners, as members of the Board of Directors of PICCI. Consequently, from January 1996 to December 1998, petitioners received their corresponding RATA in the total amount of ₱1,565,000.00.

On June 7, 1999, then PICCI Corporate Auditor Adelaida A. Aldovino issued Notice of Disallowance No. 99-001-101 (96-98),[6] addressed to petitioner Araceli E. Villanueva (through then OIC Susan M. Galang of the Accounting Division of PICCI), disallowing in audit the payment of petitioners' RATA in the total amount of ₱1,565,000.00,[7] and directing them to settle immediately the said disallowances, due to the following reasons: (a) As to petitioner Araceli E. Villanueva, there was double payment of RATA to her as member of the PICCI Board and as OIC of PICCI, which was in violation of Section 8, Article IX-B of the 1987 Constitution and, moreover, Compensation Policy Guideline No. 6 provides that an official already granted

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[5] *Rollo*, p. 72.

[6] *Id.* at 50.

[7] *Id.* at 50-57; per audit by Corporate Auditor Adelaida A. Aldovino of the disbursement transactions on a selective basis for the period 1996-1998, the following amounts received by the petitioners have been disallowed in audit: A. E. Villanueva (₱165,000.00), G. C. Singson (₱165,000.00), Andre Navato (₱120,000.00), E. Zialcita (₱165,000.00), M. Gonzaga (₱165,000.00), A. Clemente (₱60,000.00), J. Clemente, Jr. (₱65,000.00), F. Pascual (₱105,000.00), A. P. Fenix, Jr. (₱50,000.00), and T. Reyes (₱157,500.00).

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commutable RATA and designated by competent authority to perform duties in concurrent capacity as OIC of another position whether or not in the same agency and entitled to similar benefits, shall not be granted said similar benefits, except where said similar allowances are higher in rates than those of his regular position, in which case he may be allowed to collect the difference thereof; and (b) As to petitioners Gabriel Singson, Andre Navato, Edgardo Zialcita, Melpin Gonzaga, Alejandra Clemente, Jose Clemente, Jr., Federico Pascual, Albert P. Fenix, Jr., and Tyrone M. Reyes, there was double payment of RATA to them as members of the PICCI Board and as officers of BSP, which was in violation of Section 8, Article IX-B of the 1987 Constitution and PICCI By-laws and, further, the contemplation of the constitutional provisions which authorized double compensation is construed to mean statutes passed by the national legislative body and does not include resolutions passed by governing boards, *i.e.*, Section 229 of the Government Accounting and Auditing Manual.

In a letter[8] dated September 27, 1999, petitioners, through Board Member and OIC of PICCI Araceli E. Villanueva, sought reconsideration of the Notice of Disallowance No. 99-001-01 (96-98) dated June 7, 1999.

In a letter[9] dated October 14, 1999, PICCI Corporate Auditor Aldovino denied petitioners' motion for reconsideration and, on February 18, 2000, petitioners filed their Notice of Appeal[10] and Appeal Memorandum.[11]

On June 1, 2000, Director Crescencio S. Sunico of the Corporate Audit Office I, COA, rendered a Decision in CAO I Decision No. 2000-208 affirming the disallowance of the RATA received by petitioners in their capacity as Directors of the PICCI Board. He stated that except for *per diems*, Section 8, Article III of the PICCI By-Laws prohibits the payment of salary to

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[8] *Rollo*, pp. 58-60.

[9] *Id.* at 61-63.

[10] *Id.* at 64.

[11] *Id.* at 65-71.

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directors in the form of compensation or reimbursement of expenses, based upon the principle *expression unius est exclusio alterius* (the express mention of one thing in a law means the exclusion of others not expressly mentioned). Neither can the payment of RATA be legally founded on Section 30 of the Corporation Code which states that in the absence of any provision in the by-laws fixing their compensation, the directors shall not receive any compensation as such directors, except for reasonable *per diems*; provided, however, that any such compensation (other than *per diems*) may be granted to directors by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders' meeting. The power to fix the compensation which the directors shall receive, if any, is left to the corporation, to be determined in its by-laws or by the vote of stockholders. The PICC By-Laws allows only the payment of *per diem* to the directors. Thus, the BSP board resolution granting RATA of ₱1,500.00 to petitioners violated the PICCI By-Laws. Director Sunico also explained that although MB Resolution No. 15, dated January 5, 1994, as amended by MB Resolution No. 34, dated January 12, 1994, would have the effect of amending the PICCI By-laws, and may render the grant of RATA valid, such amendment, however, had no effect because it failed to comply with the procedural requirements set forth under Section 48 of the Corporation Code.[12]

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[12] Sec. 48. *Amendments to by-laws*. — The board of directors or trustees, by a majority vote thereof, and the owners of at least a majority of the outstanding capital stock, or a least a majority of the members of a non-stock corporation, at a regular or special meeting duly called for the purpose, may amend or repeal any by-laws or adopt new by–laws. The owners of two-thirds (2/3) of the outstanding capital stock or two-thirds (2/3) of the members in a non-stock corporation may delegate to the board of directors or trustees the power to amend or repeal any by-laws or adopt new by-laws: *Provided*, That any power delegated to the board of directors or trustees to amend or repeal any by-laws or adopt new by-laws shall be considered as revoked whenever stockholders owning or representing a majority of the outstanding capital stock or a majority of the members in non-stock corporations, shall so vote at a regular or special meeting.

Whenever any amendment or new by-laws are adopted, such amendment or new by-laws shall be attached to the original by-laws in the office of the corporation, and a copy thereof, duly certified under oath by the corporate

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On August 11, 2000, Director Sunico issued a Resolution in CAO I Decision No. 2000-012, affirming the disallowance of the RATA received by the petitioners in their capacity as directors in the total amount of ₱1,565,000.00.

On petition for review by petitioners, the COA rendered the assailed COA Decision No. 2002-081 dated April 23, 2002, affirming CAO I Decision No. 2000-008 dated June 1, 2000 and Notice of Disallowance No. 99-001-101 (96-98) dated June 7, 1999. It also directed the Auditor to determine the amounts to be refunded by petitioners and to enforce and monitor their settlement. It ruled that petitioners' receipt of the ₱1,500.00 RATA from the BSP for every meeting they attended as members of the PICCI Board of Directors was not valid.

In COA Decision No. 2003-115, dated July 31, 2003, the COA issued a Resolution denying petitioners' motion for reconsideration and upheld the disallowance of the petitioners' RATA amounting to ₱1,565,000.00.

Hence, this present petition for *certiorari* raising the following grounds:

I.

THE RESPONDENT COA COMMITTED GRAVE ABUSE OF DISCRETION IN FINDING THAT THE PETITIONERS VIOLATED ITS BY-LAWS WHEN SECTION 30 OF THE CORPORATION CODE AUTHORIZES THE STOCKHOLDERS TO GRANT COMPENSATION TO ITS DIRECTORS.

II.

THE RESPONDENT COA COMMITTED GRAVE ABUSE OF DISCRETION IN FINDING THAT THE PAYMENT OF RATA TO BSP OFFICIALS WHO ARE MEMBERS OF THE PICCI BOARD

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secretary and a majority of the directors or trustees, shall be filed with the Securities and Exchange Commission the same to be attached to the original articles of incorporation and original by-laws.

The amended or new by-laws shall only be effective upon the issuance by the Securities and Exchange Commission of a certification that the same are not inconsistent with this Code. (22a and 23a).

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VIOLATED ITEM NO. 4 OF NATIONAL COMPENSATION CIRCULAR (NCC) NO. 67 DATED JANUARY [1], 1992 ISSUED BY THE DEPARTMENT OF BUDGET AND MANAGEMENT (DBM) AS SAID NCC SPECIFICALLY APPLIES ONLY TO "NATIONAL GOVERNMENT OFFICIALS AND EMPLOYEES."

III.

THE RESPONDENT COA COMMITTED GRAVE ABUSE OF DISCRETION IN DIRECTING THE AUDITOR TO ENFORCE REFUND OF THE PAYMENTS TO THE PETITIONERS [WHO ARE] DIRECTORS AS THE PETITIONERS ENJOY THE PRESUMPTION OF GOOD FAITH AND ARE CONVINCED THAT THEY ARE LEGALLY ENTITLED THERETO IN THE LIGHT OF THE SUPREME COURT DECISION IN *ASSOCIATION OF DEDICATED EMPLOYEES OF THE PHILIPPINE TOURISM AUTHORITY (ADEPT) VS. COA*, 295 SCRA 366.[13]

Petitioners contend that since PICCI was incorporated with the Securities and Exchange Commission (SEC) (SEC Regulation No. 68840) and has no original charter, it should be governed by Section 30 of the Corporation Code. According to petitioners, their receipt of RATA as directors of PICCI was sanctioned by PICCI's sole stockholder, BSP (through its own governing body, the Monetary Board), per MB Resolution No. 15 dated January 5, 1994, as amended by MB Resolution No. 34 dated January 12, 1994.

Respondent counters that said provision does not apply to petitioners as Section 8 of the PICCI By-laws provides that the compensation of the members of the PICCI Board of Directors shall be given only through *per diems*.

Section 30 of the Corporation Code, which authorizes the stockholders to grant compensation to its directors, states:

> Sec. 30. *Compensation of Directors*. — In the absence of any provision in the by-laws fixing their compensation, the directors shall not receive any compensation, as such directors, except for reasonable *per diems*; Provided, however, that any such compensation

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[13] *Rollo*, pp. 12-13.

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(other than *per diems*) may be granted to directors by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders' meeting. In no case shall the total yearly compensation of directors, as such directors, exceed ten (10%) percent of the net income before income tax of the corporation during the preceding year.

In construing the said provision, it bears stressing that the directors of a corporation shall not receive any compensation for being members of the board of directors, except for reasonable *per diems*. The two instances where the directors are to be entitled to compensation shall be when it is fixed by the corporation's by-laws or when the stockholders, representing at least a majority of the outstanding capital stock, vote to grant the same at a regular or special stockholder's meeting, subject to the qualification that, in any of the two situations, the total yearly compensation of directors, as such directors, shall in no case exceed ten (10%) percent of the net income before income tax of the corporation during the preceding year.

Section 8 of the Amended By-Laws of PICCI,[14] in consonance with Section 30 of the Corporation Code, restricted the scope of petitioners' compensation by fixing their *per diem* at ₱1,000.00:

> Sec. 8. *Compensation*. — Directors, as such, shall not receive any salary for their services but shall receive a *per diem* of one thousand pesos (₱1,000.00) per meeting actually attended; *Provided*, that the Board of Directors at a regular and special meeting may increase and decrease, as circumstances shall warrant, such *per diems* to be received. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any capacity and receiving compensation therefor.[15]

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[14] Per S.E.C. Registration No. 68840, the amendment to Section 8, Article III of the PICCI By-Laws was approved by the PICCI Board at a regular meeting held on February 22, 1994, and the Amendment to the By-Laws of the PICCI was signed on March 29, 1994 by Chairman Gabriel C. Singson, Members of the Board Edgardo P. Zialcita, Andre Navato, Roberto Y. Garcia, Herman M. Montenegro, Jose S. Clemente, Jr., and Dennis D. Decena, and Corporate Secretary Luis S. Cachero, with an attached notarized Director's Certificate.

[15] Underscoring supplied.

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The nomenclature for the compensation of the directors used herein is *per diems*, and not salary or any other words of similar import. Thus, petitioners are allowed to receive only *per diems* of ₱1,000.00 for every meeting that they actually attended. However, the Board of Directors may increase or decrease the amount of *per diems*, when the prevailing circumstances shall warrant. No other compensation may be given to them, except only when they serve the corporation in another capacity.

Petitioners justify their entitlement to ₱1,500.00 RATA from the PICCI, on the theory that:

> [T]he purpose in issuing NCC No. 67 is to ensure uniformity and consistency of actions on claims for RATA which is granted by law to national government officials and employees to cover expenses incurred in the discharge or performance of their duties and responsibilities. Moreover, Item 2 of NCC 67 enumerated the national government officials and employees that are covered by the Circular, to wit:
>
> > [1] Those whose positions are listed under Service Code 18 of the Index of Occupational Services issued by the Department of Budget and Management (DBM), pursuant to NCC No. 57, except for the positions of the President, Vice-President, Lupon Member and Lupon Chairman and positions under the Local Executives Group;
> >
> > [2] Those whose positions are identified as chiefs of division in the Personal Services Itemization;
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> > [3] Those whose positions are determined by the DBM to be of equivalent rank with the officials and employees enumerated under Section 2.1 and 2.2 hereof x x x; and
> >
> > [4] Those who are duly designated by competent authority to perform the full-time duties and responsibilities, whether or not in concurrent capacity, as Officers-in-Charge for one (1) final calendar month or more of the positions enumerated in Sections 2.1, 2.2 and 2.3 hereof.

The PICCI is not an originally chartered corporation, but a subsidiary corporation of BSP organized in accordance with the Corporation Code of the Philippines. The Articles of Incorporation of PICCI was registered on July 29, 1976 in the Securities and

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Exchange Commission. As such, PICCI does not fall within the coverage of NCC No. 67. As a matter of fact, by virtue of P.D. [No.] 520, PICCI is exempt from the coverage of the civil service law and regulations (and Constitution defining coverage of civil service as limited to those with original [charter] (*TUCP v. NHA*, G.R. No. 49677, May 4, 1089, Article IX-B, Sec. 1). Certainly, if PICCI is not part of the National Government, but a mere subsidiary of a government-owned and/or controlled corporation (BSP), its officers, and more importantly, its directors, are not covered by the term "national government officials and employees" to which NCC No. 67 finds application.

Even the BSP, which is the sole stockholder of PICCI, is not covered by NCC No. 67, not only for the same reasons stated above but for the reason that it enjoys fiscal and administrative autonomy, which is defined as the "guarantee of full flexibility to allocate and utilize their resources with the wisdom and dispatch that their needs require" (*Bengzon v. Drilon,* 208 SCRA 133).[16]

Respondent maintains that petitioners' receipt of RATA from PICCI, in addition to their *per diem* of ₱1,000 per meeting, and another RATA from BSP, violates the rule against double compensation; that as former officers of the BSP, petitioners Gabriel P. Singson, Araceli E. Villanueva, Andre Navato, Edgardo P. Zialcita, and Melpin A. Gonzaga were also receiving RATA from the BSP, in addition to the RATA granted to them as PICCI Directors; that there is double payment of RATA, since petitioners' membership in the PICCI Board is a mere adjunct of their positions as BSP officials; that double compensation refers to two sets of compensations for two different offices held concurrently by one officer; and that while there is no general prohibition against holding two offices which are not incompatible, when an officer accepts a second office, he can draw the salary attached to such second office only when he is specifically authorized by law which does not exist in the present case.

In her letter, dated October 14, 1999, to petitioner Araceli E. Villanueva, Corporate Auditor Adelaida A. Aldovino reiterated

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[16] Petitioners' Memorandum, pp. 8-9.

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her decision disallowing disbursements for RATA of PICCI directors for the reasons set forth in Notice of Disallowance No. 99-001-101 (96-98). Thus,

> Moreover, while the directors are not strictly speaking Officers-in-Charge, but because they are doing duties in concurrent capacities and are already receiving RATA from their principal office, Budget Compensation Policy Guideline No. 6, dated September 1, 1982, is applicable.
>
> No. 3.0 of the guideline provides:
>
> 3.1 An Official/employee already entitled/granted commutable transportation/representation allowances and designated by competent authority to perform duties and responsibilities in concurrent capacity as Officer-in-Charge of another position(s), whether CES or non-CES, whether or not in the same ministry/bureau/office or agency and entitled to similar benefits/allowances, whether commutable or reimbursable, except where similar allowances are higher in rates than those of his regular position, in which case he may be allowed to collect the difference thereof, provided the period of his temporary stewardship is not less than one month on a reimbursable basis.
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> In view of the foregoing, we are reiterating our decision disallowing disbursement for RATA of PICCI directors for reasons stated in our Notice of Disallowance No. 99-001-01 (96-98).
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> Further, please be reminded that disallowance not appealed within six (6) months as prescribed under Section 48, 50 and 51 of PD 1445 shall become final and executory.[17]

In COA Decision No. 2002-081 dated April 23, 2002, respondent concluded that the payment of RATA to petitioners violated Item No. 4 of National Compensation Circular (NCC) No. 67, dated January 1, 1992, issued by the DBM, as the petitioners were already drawing RATA from their mother agencies and, hence, their receipt of RATA from PICCI was without legal basis and constituted double compensation of RATA which is prohibited under the Constitution. It also explained that under the By-Laws of PICCI, the compensation of its directors should be in the form of *per diem* and not RATA, and as the

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[17] *Rollo*, pp. 62-63.

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By-Laws have the same force and effect of law as the corporate charter, its directors and officers are under obligation to comply therewith.

Section 8, Article IX-B of the Constitution provides that no elective or appointive public officer or employee shall receive additional, double or indirect compensation, unless specifically authorized by law, nor accept without the consent of the Congress, any present emolument, office or title of any kind from any foreign government. Pensions and gratuities shall not be considered as additional, double or indirect compensation.

This provision, however, does not apply to the present case as there was no double compensation of RATA to the petitioners.

In *Leynes v. Commission on Audit*,[18] the Court clarified that what National Compensation Circular (NCC) No. 67 seeks to prevent is the dual collection of RATA by a national official from the budgets of "more than one national agency." In the said case, the interpretation was that NCC No. 67 cannot be construed as nullifying the power of therein local government units to grant allowances to judges under the Local Government Code of 1991. Further, NCC No. 67 applies only to the national funds administered by the DBM, not the local funds of the local government units. Thus,

> The pertinent provisions of NCC No. 67 read:
>
> 3. Rules and Regulations:
>
> 3.1.1 Payment of RATA, whether commutable or reimbursable, shall be in accordance with the rates prescribed for each of the following officials and employees and those of equivalent ranks, and the conditions enumerated under the pertinent sections of the General Provisions of the annual General Appropriations Act (GAA):
>
> x x x x x x x x x
>
> 4. Funding Source:
>
> *In all cases, commutable and reimbursable RATA shall be paid from the amount appropriated for the purpose and other*

[18] 463 Phil. 557 (2003).

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> *personal services savings of the agency or project from where the officials and employees covered under this Circular draw their salaries. No one shall be allowed to collect RATA from more than one source.* (Italics ours)

In construing NCC No. 67, we apply the principle in statutory construction that force and effect should not be narrowly given to isolated and disjoined clauses of the law but to its spirit, broadly taking all its provisions together in one rational view. Because a statute is enacted as a whole and not in parts or sections, that is, one part is as important as the others, the statute should be construed and given effect as a whole. A provision or section which is unclear by itself may be clarified by reading and construing it in relation to the whole statute.

Taking NCC No. 67 as a whole then, what it seeks to prevent is the dual collection of RATA by a national official from the budgets of "more than one national agency." We emphasize that the *other source* referred to in the prohibition is *another national agency*. This can be gleaned from the fact that the sentence "no one shall be allowed to collect RATA from more than one source" (the controversial prohibition) immediately follows the sentence that RATA shall be paid from the budget of the national agency where the concerned national officials and employees draw their salaries. The fact that the other source is another national agency is supported by RA 7645 (the GAA of 1993) invoked by respondent COA itself and, in fact, by all subsequent GAAs for that matter, because the GAAs all essentially provide that (1) the RATA of national officials shall be payable from the budgets of their respective national agencies and (2) those officials on detail with other national agencies shall be paid their RATA only from the budget of their parent national agency:

x x x x x x x x x

> *Clearly therefore, the prohibition in NCC No. 67 is only against the dual or multiple collection of RATA by a national official from the budgets of two or more national agencies. Stated otherwise, when a national official is on detail with another national agency, he should get his RATA only from his parent national agency and not from the other national agency he is detailed to.*[19] (Italics supplied.)

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[19] *Id.* at 572-574.

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Moreover, Section 6 of Republic Act No. 7653 (The New Central Bank Act) defines that the powers and functions of the BSP shall be exercised by the BSP Monetary Board, which is composed of seven (7) members appointed by the President of the Philippines for a term of six (6) years. MB Resolution No. 15,[20] dated January 5, 1994, as amended by MB Resolution No. 34, dated January 12, 1994, are valid corporate acts of petitioners that became the bases for granting them additional monthly RATA of ₱1,500.00, as members of the Board of Directors of PICCI. The RATA is distinct from salary (as a form of compensation). Unlike salary which is paid for services rendered, the RATA is a form of allowance intended to defray expenses deemed unavoidable in the discharge of office. Hence, the RATA is paid only to certain officials who, by the nature of their offices, incur representation and transportation expenses.[21] Indeed, aside from the RATA that they have been receiving from the BSP, the grant of ₱1,500.00 RATA to each of the petitioners for every board meeting they attended, in their capacity

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[20] Min. No. 1 — January 5, 1994

15. *Philippine International Convention Center*. — Decision to authorize the representation and transportation allowance of the Members of its Board of Directors.

ACTION TAKEN

The Board decided as follows:

1. To authorize the representation and transportation allowance in the amount of ₱1,500.[00] a month of the Members of the Board of Directors of the Philippine International Convention Center (PICC);

2. To approve the actual expenditure for 1993;

3. To approve the actual expenses for 1992 incurred by PICC, not covered by the original budget, subject to existing Commission [on] Audit rules and regulations; and

4. To instruct PICC Management to prepare and submit proposal for 1994 within two (2) months from date of receipt.

(Signed)
FE B. BARIN
Secretary

[21] *Department of Budget and Management, represented by Sec. Emilia T. Boncodin v. Olivia D. Leones*, G.R. No. 169726, March 18, 2010.

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as members of the Board of Directors of PICCI, in addition to their ₱1,000.00 *per diem,* does not run afoul the constitutional proscription against double compensation.

Petitioners invoke the ruling of *ADEPT v. COA*[22] whereby the Court took into consideration the good faith of therein petitioners and, thus, allowed them to retain the incentive benefits they had received for the year 1992.

Respondent points out that the records of the case do not support petitioners' claim of good faith, because they themselves were the authors of the By-Laws of PICCI which prohibit the receipt of compensation other than *per diems* and, therefore, should have been conversant with the constitutional prohibition on double compensation.

The Court upholds the findings of respondent that petitioners' right to compensation as members of the PICCI Board of Directors is limited only to *per diem* of ₱1,000.00 for every meeting attended, by virtue of the PICCI By-Laws. In the same vein, we also clarify that there has been no double compensation despite the fact that, apart from the RATA they have been receiving from the BSP, petitioners have been granted the RATA of ₱1,500.00 for every board meeting they attended, in their capacity as members of the Board of Directors of PICCI, pursuant to MB Resolution No. 15[23] dated January 5, 1994, as amended by MB Resolution No. 34 dated January 12, 1994, of the *Bangko Sentral ng Pilipinas*. In this regard, we take into consideration the good faith of petitioners.

The ruling in *Blaquera,* to which the cited case of *ADEPT v. COA* was consolidated with, is applicable to the present case as petitioners acted in good faith. The disposition in *De Jesus v. Commission on Audit,*[24] which cited *Blaquera*, is instructive:

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[22] G.R. No. 119597, companion case of *Blaquera v. Alcala*, G.R. No. 109406, September 11, 1998, 356 Phil. 678.

[23] *Rollo*, p. 72.

[24] 451 Phil. 812 (2003).

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Nevertheless, our pronouncement in *Blaquera v. Alcala*[25] supports *petitioners'* position on the refund of the benefits they received. In *Blaquera*, the officials and employees of several government departments and agencies were paid incentive benefits which the COA disallowed on the ground that Administrative Order No. 29 dated 19 January 1993 prohibited payment of these benefits. While the Court sustained the COA on the disallowance, it nevertheless declared that:

> Considering, however, that all the parties here acted in good faith, we cannot countenance the refund of subject incentive benefits for the year 1992, which amounts the petitioners have already received. Indeed, no *indicia* of bad faith can be detected under the attendant facts and circumstances. The officials and chiefs of offices concerned disbursed such incentive benefits in the honest belief that the amounts given were due to the recipients and the latter accepted the same with gratitude, confident that they richly deserve such benefits.

This ruling in *Blaquera* applies to the instant case. Petitioners here received the additional allowances and bonuses in good faith under the honest belief that LWUA Board Resolution No. 313 authorized such payment. At the time petitioners received the additional allowances and bonuses, the Court had not yet decided *Baybay Water District [v. Commission on Audit]*.[26] Petitioners had no knowledge that such payment was without legal basis. Thus, being in good faith, petitioners need not refund the allowances and bonuses they received but disallowed by the COA.[27]

In subsequent cases,[28] the Court took into account the good faith of the recipients of the allowances, bonuses, and other benefits disallowed by respondent and ruled that they need not refund the same.

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[25] *Supra* note 22.

[26] 425 Phil. 326 (2000).

[27] *De Jesus v. COA, supra* note 24, at 823-824.

[28] *Molen, Jr. v. Commission on Audit*, G.R. No. 150222, March 18, 2005, 453 SCRA 769; *Querubin v. Regional Cluster Director, Legal and Adjudication Office, COA Regional Office VI, Pavia, Iloilo City*, G.R. No. 159299, July 7, 2004, 433 SCRA 769; *De Jesus v. Commission on Audit*, G.R. No. 156641, February 5, 2004, 422 SCRA 287; *Philippine International Trading Corporation v. Commission on Audit*, 461 Phil. 737 (2003).

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As petitioners believed in good faith that they are entitled to the RATA of ₱1,500.00 for every board meeting they attended, in their capacity as members of the Board of Directors of PICCI, pursuant to MB Resolution No. 15[29] dated January 5, 1994, as amended by MB Resolution No. 34 dated January 12, 1994, of the BSP, the Court sees no need for them to refund their RATA respectively, in the total amount of ₱1,565,000.00, covering the period from 1996-1998.

WHEREFORE, the petition is *DISMISSED*. Decision No. 2002-081, dated April 23, 2002, of the Commission on Audit and its Resolution No. 2003-115, dated July 31, 2003, which denied petitioners' motion for reconsideration thereof and upheld the disallowance of petitioners' Representation and Transportation Allowance (RATA) in the total amount of ₱1,565,000.00 under Notice of Disallowance No. 99-001-101 (96-96) dated June 7, 1999, are *AFFIRMED WITH MODIFICATION*. Petitioners need not refund the Representation and Transportation Allowance (RATA) they received pursuant to Monetary Board Resolution No. 15[30] dated January 5, 1994, as amended by Monetary Board Resolution No. 34 dated January 12, 1994, of the *Bangko Sentral ng Pilipinas* granting each of them an additional monthly RATA of ₱1,500.00, for every meeting attended, in their capacity as members of the Board of Directors of Philippine International Convention Center, Inc. (PICCI), or in the total amount of ₱1,565,000.00, covering the period from 1996-1998.

SO ORDERED.

Carpio, Carpio Morales, Nachura, Leonardo-de Castro, Bersamin, Del Castillo, Abad, Villarama, Jr., Perez, and *Mendoza, JJ.,* concur.

Velasco, Jr., J., on official leave.

Brion, J., on leave.

Corona, C.J., no part.

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[29] *Rollo,* p. 72.

[30] *Rollo,* p. 72.