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[G.R. No. 244816; June 29, 2021]

MELPIN A. GONZAGA, for himself, and on behalf of ELOISA A. LIM, SHIRLEY S. ONG, SOCORRO R. QUIRINO, ARACELI E. VILLANUEVA, RUBY C. TUASON, VICTORIA C. BERCILES and ANTONIO A. BERNARDO, *Petitioners*, *v.* **COMMISSION ON AUDIT,** *Respondent*.

D E C I S I O N

LOPEZ, J., *J.*:

This is a Petition for *Certiorari*[1] filed under Rule 65, in relation to Rule 64 of the Rules of Court, assailing the Decision No. 2017-487[2] dated December 28, 2017 and the Resolution No. 2019-002[3] dated September 27, 2018 of the Commission on Audit *(COA)*-Commission Proper *(CP)*. In the assailed Decision, the COA-CP Proper upheld Notices of Disallowance *(NDs)* Nos. PICCI-13-002-(12), PICCI-13-003-(12), PICCI-13-004-(12), PICCI-13-005-(12) and PICCI-13-006-(12), all dated December 6, 2013, on the payment of unwarranted benefits and allowances to the members of the Board of Directors of the Philippine International Convention Center, Inc. *(PICCI)* for the calendar years 2010 and 2011 amounting to ₱882,902.06.[4] The basis for the solidary liability of petitioners[5] were summarized in the COA-CP Decision as follows:

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[1] *Rollo*, pp. 3-20.

[2] Penned by Chairperson Michael G. Aguinaldo, with Commissioners Jose A. Fabia and Isabel D. Agito, concurring; *id.* at 21-28.

[3] *Id.* at 29.

[4] *Id.* at 27.

[5] *Id.* at 23.

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Name	Position/Designation	Nature of Participation
Victoria C. Berciles	Director, Administrative Department	Approved the payment
Antonio A. Bernardo, Jr.	Comptroller	Certified that expenses are necessary, lawful and appropriate, and that supporting documents are complete
Melpin A. Gonzaga	Corporate Secretary	Approved the payment of January 2011 Representation Allowance
Eloisa A. Lim Shirley S. Ong Socorro R. Quirino Araceli E. Villanueva Ruby C. Tuason	Board of Directors	Recipients

Meanwhile, the challenged Resolution denied petitioners' Motion for Reconsideration.[6]

Facts

The *PICCI* is a government-owned or controlled corporation *(GOCC)*[7] created under Presidential Decree (P.D.) No. 520,[8] as amended by P.D. No. 710,[9] with the *Bangko Sentral ng Pilipinas (BSP)* as its sole stockholder.[10]

Section 2 of P.D. No. 520 provides that the governing powers and authority of the corporation shall be vested in, and exercised by

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[6] *Id.* at 29.

[7] *Id.* at 24.

[8] Authorizing the Central Bank of the Philippines to Construct an International Conference Center Building, Acquire a Suitable Site for the Purpose, Organize a Corporation Which Will Manage and Administer the Said Center and for Other Purposes, signed on July 23, 1974.

[9] Naming the International Conference Center Building to be Constructed by Central Bank under Presidential Decree No. 520 dated July 23, 1974, as the Philippine International Convention Center, signed on May 27, 1975.

[10] *Rollo*, p. 44.

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the Board of Directors, which shall have the power to promulgate rules and regulations in a Code of By-Laws, on matters involving the organization, annual meetings of the Board, whether regular or special, and the powers and duties of its officers, among others.[11] Section 6 of the same law provides that the provisions of the Corporation Code, as amended, not inconsistent with P.D. No. 520, shall apply suppletorily to PICCI.[12]

Pursuant to P.D. No. 520, PICCI issued its 1994 By-Laws which stipulates, among others, that directors, as such, shall not receive any salary for their services, but only a *per diem*, for every meeting actually attended.[13] Thereafter, the said By-Laws was amended in 2000 *(Amended By-Laws)*, which provided for the following Section:

> Section 8. *Compensation*. – Directors, as such, shall not receive any salary for their services but shall receive a *per diem* and allowances in such amounts as may be fixed by a majority of all the members of the Board of Directors in a regular or special meeting and approved by the Monetary Board. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.[14]

For the Calendar Years *(CYs)* 2010 and 2011, part of the members of the Board of Directors of PICCI were petitioners Eloisa A. Lim *(Lim)*, Shirley S. Ong *(Ong)*, Socorro R. Quirino *(Quirino)*, Araceli E. Villanueva *(Villanueva)*, and Ruby C. Tuason *(Tuason)*. Petitioner Melpin A. Gonzaga *(Gonzaga)* is the Corporate Secretary, with petitioner Victoria Berciles *(Berciles)* as a Director of the Administrative Department, and petitioner Antonio A. Bernardo, Jr. *(Bernardo, Jr.)* as the comptroller of PICCI.[15]

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[11] *Id.*

[12] *Id.*

[13] *Id.* at 14.

[14] *Id.* at 125.

[15] *Supra* note 5.

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In its findings, the COA found that for CYs 2009 and 2010, PICCI incurred net losses in its operations.[16] Notwithstanding, the PICCI Board of Directors submitted its Proposed Budget for 2010 on November 24, 2009, which included the following particulars: a) Director's Allowance, b) Director's *Per Diem*, c) Director's Christmas Bonus, and d) Director's Anniversary Bonus, among others.[17] The BSP Monetary Board approved the Proposed 2010 Budget on December 29, 2009.[18]

During their term as members of the Board of Directors, Lim, Ong, Quirino, Villanueva, and Tuason, received the following benefits and allowances from January 2010 up to January 2011, summarized below:

Name of BOD Member	Representation Allowance	Medical Reimbursement	Christmas Bonus	Anniversary Bonus	**Total**
Eloisa A. Lim	₱ 130,000.00	₱ 16,400.00	₱ 15,000.00	₱ 10,000.00	₱ 171,400.00
Shirley S. Ong	₱ 130,000.00	₱ 70,000.00	₱ 15,000.00	₱ 10,000.00	₱ 225,000.00
Socorro R. Quirino	₱ 130,000.00	₱ 20,302.06	₱ 15,000.00	₱ 10,000.00	₱ 175,302.06
Araceli E. Villanueva	₱ 130,000.00	N/A	₱ 15,000.00	₱ 10,000.00	₱ 155,000.00
Ruby C. Tuason	₱ 130,000.00	₱ 1,200.00	₱ 15,000.00	₱ 10,000.00	₱ 156,200.00
Total	₱ 650,000.00	₱ 107,902.06	₱ 75,000.00	₱ 50,000.00	₱ 882,902.06

Gonzaga, as the Corporate Secretary, approved the payment of the January 2011 Representation Allowance.[19] Meanwhile, Bernardo, Jr., the comptroller at that time, certified that the bonuses and allowances given to petitioners were necessary, lawful, appropriate, and duly substantiated by proper receipts.[20] Likewise, Berciles, as Director of the Administrative Department during the material period, approved the payment of said benefits.[21]

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[16] *Rollo*, p. 25.

[17] *Id.* at 127-128.

[18] *Id.* at 127.

[19] *Id.* at 30-41.

[20] *Id.* at 23.

[21] *Id.* at 22-23.

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On March 22, 2013, the Supervising Auditor *(SA)* and the Audit Team Leader *(ATL*) issued an Audit Observation Memorandom No. PICCI-2012-04, which flagged the grant of Representation allowance, Medical Reimbursement, Christmas Bonus, and Anniversary Bonus to petitioners as irregular because it contravened Section 30 of the Corporation Code, which states, "[i]n 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."[22] The SA and ATL opined that since PICCI incurred net losses and no net income for CYs 2009 and 2010, the grant of the benefits and allowances aforementioned for the succeeding CYs 2010 and 2011 violated the law.[23] Consequently, they issued ND Nos. PICCI-13-002-(12),[24] PICCI-13-003-(12)[25] PICCI-13-004-(12),[26] PICCI-13-005-(12)[27] and PICCI-13-006-(12),[28] all dated December 6, 2013 against petitioners, which disallowed the payment of the benefits aforesaid to the petitioners who are part of the Board of Directors of PICCI in the total amont ₱882,902.06,[29] which NDs Gonzaga received on December 11, 2013.[30]

Feeling aggrieved, petitioners appealed before the Office of the Cluster Director of the Corporate Government Sector-Cluster 1 *(OCD-CGS-1)* where they argued that the disallowed benefits should be permitted based on the following grounds: *first*, Section 30 of the Corporation Code applies only to close corporations;[31]

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[22] *Id.* at 22.

[23] *Id.*

[24] *Id.* at 30.

[25] *Id.* at 32.

[26] *Id.* at 35.

[27] *Id.* at 38.

[28] *Id.* at 40.

[29] *Id.* at 21.

[30] *Id.* at 42.

[31] *Id.* at 43.

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second, PICCI is not a close corporation;[32] *third*, the allowances granted to petitioners are approved by the Monetary Board;[33] and *fourth*, assuming that Section 30 of the Corporation Code applies to PICCI, the disallowed benefits were received in good faith, hence, they need not refund the same.[34]

On the contrary, the Audit Team refuted the contentions above-stated in this manner: *first*, there is no such provision in the Corporation Code saying that it only applies to close corporations;[35] *second*, the additional compensation paid to petitioners for CYs 2010 and 2011 notwithstanding the net losses during the preceding years 2009 and 2010, is contrary to Section 30 of the Corporation Code;[36] and *lastly*, the claim of good faith cannot be sustained following the principle of *solutio indebiti* provided under Article 2154 of the Civil Code.[37]

Ruling of the COA Director

On appeal, Director Emelita R. Quirante *(COA Director)* of the OCD-CGS-1 found the disallowance to be proper,[38] since the grant thereof lacked legal basis, as borne by the following observations: *first*, as regards the payment of Representation Allowance, petitioners were given fixed amounts which they failed to liquidate;[39] *second*, petitioners are not considered employees of PICCI, based on the Department of Budget and Management (DBM) Circular Letter No. 2002-02[40] dated January 2, 2002,

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[32] *Id.*

[33] *Id.*

[34] *Id.*

[35] *Id.*

[36] *Id.*

[37] *Id.*

[38] *Id.* at 44.

[39] *Id.* at 45.

[40] *Id.*; DBM Circular Letter No. 2002-02 dated January 2, 2002, states:

2.2 Members of the Board of Directors of agencies are not salaried officials of the government.

2.3 As non-salaried officials, they are not entitled to PERA, ADCOM, YEB, and retirement benefits unless expressly provided by law.

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and Administrative Order No. 263, Series of 1996, dated March 28, 1996, as clarified by DBM National Budget Circular No. 452 dated May 20, 1996;[41] hence, they are not entitled to receive Christmas and Anniversary Bonuses; and *third*, the payment of medical reimbursement is an indirect compensation,[42] and an expense which cannot be regarded as unavoidable in the discharge of their official functions as members of the Board of Directors.[43]

Likewise, the COA Director dismissed petitioners' claim of good faith because the circumstances which led to the grant of the subject benefits were made in patent disregard of PICCI's Amended By-Laws and cannot be regarded as a mistake on a doubtful or difficult question of law.[44] Assuming otherwise, petitioners are still liable to make a refund under the principle of *solutio indebiti*.[45] Thus, the COA Director denied the appeal in its Decision No. 2015-06[46] dated June 30, 2015, the dispositive portion of which is quoted hereunder:

> **WHEREFORE**, premises considered, the instant appeal is hereby **DENIED**. Accordingly, the subject Notices of Disallowance on the grant of additional compensation to the members of the Board of Directors of PICCI, in the total amount of ₱882,902.06, are hereby **AFFIRMED**.[47]

Dissatisfied, petitioners elevated the case to the COA-CP.[48]

Ruling of the COA-CP

As aforementioned, the COA-CP affirmed the ruling of the COA Director.[49] It explained that PICCI is a subsidiary corporation

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[41] *Id.* at 46.

[42] *Id.*

[43] *Id.* at 46-47.

[44] *Id.* at 47.

[45] *Id.* at 48.

[46] *Id.* at 42-48.

[47] *Id.* at 48.

[48] *Id.* at 21.

[49] *Id.* at 27.

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organized by the BSP, pursuant to Section 2 of P.D. No. 520 dated July 23, 1974, as amended.[50] For this reason, PICCI is a GOCC owned by the government through the BSP.[51] Thus, like the BSP, the operating funds of PICCI are public in character and must be spent pursuant to applicable laws and regulations governing the disbursement of public funds.[52]

In this regard, Section 6 of P.D. No. 520 expressly provides for the suppletory application of the Corporation Code to PICCI,[53] especially on the matter of compensation of the members of its Board of Directors.[54] Along this line, Section 30 of the same law provides that members of the Board of Directors are entitled only to the following compensation: a) reasonable *per diem*, and b) other compensation may be paid provided that the corporation earned a net income before income tax during the year preceding the payment.[55]

Pertinently, Section 8, Article III of the Amended By-Laws of the PICCI specifically restricts the compensation of the members of the Board of Directors to only *per diems*,[56] which the COA-CP took cognizance in its Decision No. 2002-081 dated April 23, 2002, and which this Court affirmed in *Singson v. Commission on Audit (Singson)*.[57]

Notably, PICCI incurred net losses in CYs 2009 and 2010, yet it paid petitioners additional compensation which cannot be given at such time that required more prudence in disbursing public funds.[58] Thus, the payment of the subject benefits to them is an

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[50] *Id.* at 24.

[51] *Id.*

[52] *Id.*

[53] *Id.*

[54] *Id.* at 25.

[55] *Id.*

[56] *Id.*

[57] 641 Phil. 154 (2010).

[58] *Rollo*, p. 25.

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irregular transaction, which is proscribed under COA Circular No. 2012-003 dated October 29, 2012.[59]

In the same vein, PICCI's budget is subject to existing DBM rules and regulations, particularly DBM Circular Letter No. 2002-02, because it is a subsidiary of BSP, which is under the jurisdiction of the DBM, per Inter-Agency Task Force Memorandum Circular No. 2012-1 dated August 13, 2012.[60] DBM Circular Letter No. 2002-02 explicitly provides that members of the Board of Directors are not salaried officials of the government, which disqualify them from receiving personnel benefits usually granted to salaried employees, such as the subject Medical Reimbursement, Christmas and Anniversary Bonuses.[61]

On the payment of Representation Allowance, it bears stressing that this allowance is a form of compensation intended to defray expenses deemed unavoidable in the discharge of office, hence, its payment should be supported by receipts and invoices as proof that the funds were indeed expended in the performance of their official function.[62] Here, the petitioners received a fixed amount of Representation Allowance even if no such document as to the actual expenses incurred was submitted.[63] Therefore, the grant thereof was properly disallowed.[64]

Finally, petitioners cannot be considered in good faith.[65] As officers of the corporation, they are expected to know the existing rules and regulations on disbursement, more so when the Supreme Court already affirmed in *Singson*, the disallowance of additional benefits granted to the members of the Board of Directors

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[59] *Id.*

[60] *Id.*

[61] *Id.* at 26.

[62] *Id.*

[63] *Id.*

[64] *Id.*

[65] *Id.*

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of the PICCI.[66] Moreover, the fact that no question had been raised by previous PICCI Auditors is not a valid defense since the government is never estopped by the mistake or error of its agents.[67] Besides, good faith should never prevent the government from recovering what has been unduly given, otherwise it would result in unjust enrichment.[68]

Consequently, petitioners, as members of the Board of Directors, are liable not only as payees of the disallowed amounts, but also solidarily liable to the extent of the total amount they authorized and/or certified, because without their authorization the benefits could not have been possibly disbursed.[69] As a result, the COA-CP upheld the disallowance, in its assailed Decision, the dispositive portion of which states:

> **WHEREFORE**, premises considered, the Petition for Review of Commission on Audit Corporate Government Sector-Cluster 1 Decision No. 2015-06 dated June 30, 2015 is **DENIED** for lack of merit. Accordingly, Notice of Disallowance (ND) Nos. PICCI-13-002-(12), PICCI-13-003-(12), PICCI-13-004-(12), PICCI-13-005-(12) and PICCI-13-006-(12), all dated December 6, 2013, on the payment of various allowances and benefits to the members of the Board of Directors of the Philippine International Convention Center, Inc. for calendar years 2010 and 2011, in the total amount of P882,902.06, are hereby **AFFIRMED**.
>
> The Supervising Auditor is directed to issue a Supplemental ND to the members of the Board of Directors in the total amount of P882,902.06, which they authorized or approved for payment.[70]

Petitioners moved for reconsideration of the aforesaid ruling, but it was similarly denied by the COA-CP, in its Resolution dated September 27, 2018.[71]

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[66] *Id.*

[67] *Id.*

[68] *Id.*

[69] *Id.*

[70] *Id.* at 27. (Emphases in the original).

[71] *Id.* at 29.

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Undaunted, petitioners filed the present Petition for *Certiorari* imputing grave abuse of discretion on the part of COA-CP, anchored on the following grounds:[72]

I.

PICCI AND [BSP] ARE NOT SUBJECT TO RULES AND JURISDICTION OF THE [DBM].

II.

DBM CIRCULAR LETTER NO. 2002-02 DOES NOT APPLY TO PICCI.

III.

SECTION 30 OF THE CORPORATION CODE DOES NOT APPLY TO PICCI.

IV.

THERE IS PROPER AND SUFFICIENT DOCUMENTATION SUPPORTING THE PAYMENT OF REPRESENTATION ALLOWANCES.

V.

PETITIONERS ARE IN GOOD FAITH.

Petitioners assert that PICCI as BSP's wholly-owned subsidiary, is not subject to DBM rules, because the same applies only to those whose budget comes from the national government.[73] Quite the contrary, BSP enjoys fiscal autonomy and does not rely on Congress for budgetary support.[74] Hence, it follows that it is not subject to the rules of the DBM, otherwise its fiscal autonomy will be rendered illusory.[75] In this regard, petitioners maintain that DBM Circular Letter No. 2002-02 does not apply to PICCI, because Section 3 of P.D. 520 expressly exempts the officials and employees of PICCI from the coverage of Civil Service laws and rules.[76]

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[72] *Id.* at 7.

[73] *Id.* at 9.

[74] *Id.* at 8.

[75] *Id.*

[76] *Supra* note 73.

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As regards the compensation of Directors, petitioners insist that Section 30 of the Corporation Code should not apply because it is inconsistent with Section 6 of P.D. No. 520 which expressly provided that the Board may fix the compensation of the officers of PICCI.[77] Even assuming otherwise, the grant of the disallowed benefits is sanctioned by Section 30 of the Corporation Code, because it was fixed in PICCI's By-Laws and approved by the Monetary Board of the BSP.[78]

With respect to the payment of Representation Allowances, petitioners claimed that they submitted a certification stating that the allowances were utilized in the performance of duty, which should be considered as sufficient compliance.[79]

Lastly, petitioners claimed that the ruling in *Singson* will not negate their claim of good faith because the case was decided based on PICCI's old By-Laws, which did not allow the grant of allowances to directors.[80] Meanwhile, the subject benefits and allowances were given to petitioners pursuant to PICCI's Amended By-Laws, which already allowed for the grant of allowances to the members of the Board of Directors, so long as it is approved by the Monetary Board.[81] Thus, it cannot be said that petitioners were in bad faith in receiving the pertinent allowances and benefits despite the Court's ruling in *Singson*.[82] Likewise, petitioners should not be made solidarily liable to reimburse the disallowed amount since they acted in good faith.[83]

Conversely, the Office of the Solicitor General (OSG), filed its Comment[84] on behalf of the COA-CP, and averred that the

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[77] *Rollo*, p. 10.

[78] *Id.* at 11.

[79] *Id.* at 13.

[80] *Id.* at 14.

[81] *Id.*

[82] *Id.* at 15.

[83] *Id.* at 17.

[84] *Id.* at 65-96.

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petition is procedurally and substantively infirm which merited its dismissal. Preliminarily, the OSG argued that the petition is mired with the following procedural defects: *first*, petitioners did not execute a valid Certification and Verification, since a perusal thereof shows that petitioner Gonzaga does not appear to be a member of the Bar, yet he filed for himself and allegedly, in representation of others;[85] *second*, petitioner Gonzaga alone signed the Verification and Certification against Forum Shopping without any document showing that he was authorized to sign on behalf of the other petitioners;[86] and *third*, petitioners did not attach all the material and relevant documents in their petition.[87]

With regard to the substantive issues, the OSG essentially asserted that the COA-CP did not commit grave abuse of discretion amounting to lack or excess of jurisdiction in upholding the assailed NDS based on the following reasons: *first*, the grant of additional compensation to petitioners violated pertinent laws, rules and regulations,[88] specifically Section 30 of the Corporation Code;[89] *second*, even assuming that PICCI's By-Laws were indeed properly amended, petitioners failed to present any proof that PICCI did fix the allowances in a regular or special meeting and that the BSP approved it;[90] *third*, as a GOCC, PICCI comes within the jurisdiction of the DBM;[91] *fourth*, PICCI's claim that BSP's fiscal autonomy redounds to its benefit has no legal basis;[92] *fifth*, even assuming that PICCI enjoys fiscal autonomy, it is not absolute and should be exercised within what is contemplated on the express provisions of relevant laws, rules and regulations;[93] *sixth*, DBM

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[85] *Id.* at 70.

[86] *Id.* at 72.

[87] *Id.* at 74.

[88] *Id.* at 76.

[89] *Id.* at 77-79.

[90] *Id.* at 80.

[91] *Id.* at 81.

[92] *Id.*

[93] *Id.* at 84.

Circular Letter No. 2002-02 applies to all GOCCs;[94] *seventh*, even assuming that petitioners are entitled to Representation Allowance, it was properly disallowed because the certifications issued were not enough to prove that funds have actually been expended in the performance of the official's duties;[95] and *eighth*, good faith cannot be appreciated in instances where the subject benefits and allowances were granted and paid while there was already a preceding Supreme Court decision concerning a disallowance of the same nature.[96]

In refutation of the contentions aforesaid, petitioners filed a Reply[97] where they maintained that: *first*, where the parties share common interests, causes, actions or defenses, such that the case was filed collectively, the signature of one of the petitioners on the Verification and Certification of Non-Forum Shopping would suffice;[98] *second*, the material documents have been sufficiently attached;[99] *third*, the grant of the disallowed benefits was lawful and regular;[100] and *lastly*, petitioners acted in good faith, hence, they should not be made liable for the disallowed amounts.[101]

In essence, the issue is whether the COA-CP committed grave abuse of discretion in issuing its assailed Decision and Resolution, which held petitioners liable for the refund of the disallowed amount.

Specifically, the issues presented can be summed up as follows:

A. Procedural Aspect

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[94] *Id.* at 83.

[95] *Id.* at 85.

[96] *Id.* at 90.

[97] *Id.* at 104-116.

[98] *Id.* at 104-105.

[99] *Id.* at 108.

[100] *Id.* at 111.

[101] *Id.* at 114.

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1. Is the petition defective for lack of proper Verification and Certification of Non-Forum Shopping?

2. Is the petition defective for failure of petitioners to attach copies of pleadings and other material portions of the record in support of their arguments?

B. Substantive Aspect

1. Were the benefits received by petitioners unauthorized, hence, should be disallowed?

2. If the benefits should be disallowed, are petitioners solidarily liable for the return of the amount in question?

Our Ruling

At the outset, the Court underscores that its power of review over COA rulings under Rule 65 is limited to determining whether the Commission acted with grave abuse of discretion amounting to lack or excess of jurisdiction.[102] *There is grave abuse of discretion when there is an evasion of a positive duty or a virtual refusal to perform a duty enjoined by law or to act in contemplation of law as when the judgment rendered is not based on law and evidence but on caprice, whim and despotism*.[103]

The limitation of the Court's power of review over COA rulings merely complements its nature as an ***independent constitutional body*** that is tasked to safeguard the proper use of the government and, ultimately, the people's property by vesting it with the power to (i) determine whether the government entities comply with the law and the rules in disbursing public funds; and (ii) disallow legal disbursements of these funds.[104]

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[102] *Philippine Health Insurance Corp. v. Commission on Audit*, G.R. No. 222710, July 24, 2018, 874 SCRA 138, 158.

[103] *Id.* at 159-160.

[104] *Id.* at 159, citing *Maritime Industry Authority v. Commission on Audit*, 750 Phil. 288, 308 (2015). (Emphasis in the original).

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The COA as a constitutional office is endowed with enough latitude to determine, prevent and disallow irregular, unnecessary, excessive, extravagant, or unconscionable expenditures of government funds. It has the power to ascertain whether public funds were utilized for the purpose for which they had been intended.[105] The 1987 Constitution has expressly made COA the guardian of public funds, vesting it with broad powers over all accounts pertaining to government revenue and expenditures and the uses of public funds and property, including the exclusive authority to define the scope of its audit and examination, establish the techniques and methods for such review, and promulgate accounting and auditing rules and regulations.[106]

Likewise, the COA is an administrative agency that has *presumed expertise gained* from handling matters falling under its specialized jurisdiction. By reason of its special knowledge and expertise, "it is in a better position to pass judgment thereon, and [its] findings of fact are generally accorded great respect, if not finality by the courts."[107] Such findings must be respected as long as they are supported by substantial evidence even if such evidence is not overwhelming or even preponderant. It is not the task of the appellate court or this Court to once again weigh the evidence submitted before and passed upon by the administrative body and to substitute its own judgment regarding the sufficiency of the evidence.[108]

After a judicious scrutiny of the records of the case, the Court finds the petition to be **partly meritorious**.

Petitioners substantially complied with the formal requirements of a petition for certiorari

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[105] *Philippine Health Insurance Corp. v. Commission on Audit*, *supra* note 102, citing *Metropolitan Waterworks and Sewerage System v. Commission on Audit*, 821 Phil. 117, 138 (2017).

[106] *Philippine Health Insurance Corp. v. Commission on Audit*, *id.*

[107] *Naomi K. Torreta v. Commission on Audit*, G.R. No. 242925, November 10, 2020, citing *Spouses Hipolito v. Cinco*, 677 Phil. 331, 349 (2011).

[108] *Torreta v. Commission on Audit*, *id.*

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In *Jaro v. Court of Appeals*,[109] the Court ruled that while rules of procedure are essential to the proper, efficient and orderly dispensation of justice, such rules are to be applied in a manner that will help secure and not defeat justice. Thus, the Court has ruled against the dismissal of appeals based solely on technicalities, especially so when the appellant had substantially complied with the formal requirements.[110] Specifically, the Court ruled that subsequent and substantial compliance may call for the relaxation of procedural rules.[111]

Here, petitioner Gonzaga's name appears in the Supreme Court's lawyer's list,[112] but he failed to indicate the following professional details in his petition: a) Roll of Attorneys No., b) Integrated Bar of the Philippines *(IBP)* receipt (or lifetime membership), c) Professional Tax Receipt *(PTR)* No., and (d) his Mandatory Continuing Legal Education *(MCLE)* Compliance Certificate for the immediately preceding period, which gave the impression that he is not a member of the Philippine bar.

The obligation to disclose the information aforesaid is not a useless formality. The inclusion of a counsel's Roll of Attorneys number, PTR number, and IBP receipt (or lifetime membership) number is intended to preserve and protect the integrity of legal practice.[113] They seek to ensure that only those who have satisfied the requisites for legal practice are able to engage in it. With the Roll of Attorneys number, parties can readily verify if a person purporting to be a lawyer has, in fact, been admitted to the Philippine bar.[114]

With the PTR number, they can verify if the same person is qualified to engage in a profession in the place where he or she principally

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[109] 427 Phil. 532 (2002), as cited in *Duremdes v. Jorilla*, G.R. No. 234491, February 26, 2020.

[110] *Jaro v. Court of Appeals*, *id.* at 547.

[111] *Id.*

[112] <https://sc.judiciary.gov.ph/lawlist/103717/> Accessed: May 5, 2021.

[113] *Intestate Estate of Jose Uy v. Atty. Maghari III*, 768 Phil. 10, 24-25 (2015).

[114] *Id.* at 25.

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discharges his or her functions.[115] With the IBP receipt number, they can ascertain if the same person remains in good standing as a lawyer. These pieces of information, x x x "protect the public from bogus lawyers."[116] Paying professional taxes (and the receipt that proves this payment) is likewise compliance with a revenue mechanism that has been statutorily devolved to local government units.[117]

The inclusion of information regarding compliance with (or exemption from) MCLE seeks to ensure that legal practice is reserved only for those who have complied with the recognized mechanism for "keep[ing] abreast with law and jurisprudence, maintain[ing] the ethics of the profession[,] and enhanc[ing] the standards of the practice of law."[118]

Be that as it may, the Court is aware of the present rule that the failure of counsel to disclose the required information in the pleadings will no longer result in the dismissal of the case and the expunction of the pleadings from the records, but will only subject the counsel to the prescribed fine and/or disciplinary action.[119]

As regards the signature of petitioner Gonzaga alone on the Verification and Certification of Non-Forum Shopping, the Court, in *Heirs of Gabriel v. Cebrero*,[120] held that "[v]erification is deemed *substantially complied* with when one who has ample knowledge to swear to the truth of the allegations in the complaint or petition signs the verification, and when matters alleged in the petition have been made in good faith or are true and correct." Likewise, as to certification against forum shopping, generally, it must be signed by all the plaintiffs or petitioners in a case. Nonetheless, under reasonable or justifiable circumstances,

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[115] *Id.*

[116] *Id.*

[117] *Id.*

[118] *Id.*

[119] *Spouses Cruz v. Onshore Strategic Assets (SPV-AMC), Inc.*, G.R. No. 212862, June 17, 2019.

[120] G.R. No. 222737, November 12, 2018, citing *Altres v. Empleo*, 594 Phil. 246, 261 (2008).

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however, as when all the plaintiffs or petitioners share a common interest and invoke a common cause of action or defense, the signature of only one of them in the certification against forum shopping substantially complies with the Rule.[121]

In the instant case, petitioners share a common interest and defense inasmuch as they collectively claim that they are not liable for the refund of the disallowed amount for having acted in good faith. The commonality of their stance gave sufficient basis, therefore, for petitioner Gonzaga to speak for and in behalf of his co-petitioners when he certified that he had not filed any action or claim in another court or tribunal involving the same issue. Thus, the Verification and Certification he executed, constitutes substantial compliance under the Rules.

Anent the sufficiency of the pleadings attached, Section 1, Rule 65 of the Rules of Court provides that the petition shall be accompanied by a certified true copy of the judgment, order or resolution subject thereof, copies of all pleadings and documents relevant and pertinent thereto, and a sworn certification of non-forum shopping.

In *Air Philippines Corp. v. Zamora*,[122] the Court explained that the foregoing rules require two sets of documents to be attached to the petition: (1) a duplicate original or certified true copy of the judgment, order or resolution subject thereof; and (2) copies of all pleadings and documents relevant and pertinent thereto.

There is no doubt that petitioners submitted the first set of documents. As to the second set of documents, the general rule is that, a petition lacking copies of essential pleadings and portions of the case record may be dismissed. However, since the exact nature of the pleadings and parts of the case record which must accompany the petition is not specified, the appellate court is left with the discretion to determine the necessity for copies of pleading and other documents.[123]

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[121] *Heirs of Gabriel v. Cebrero*, *id.*

[122] 529 Phil. 718 (2006), as cited in *Duremdes v. Jorilla*, *supra* note 109.

[123] *Air Philippines Corp. v. Zamora*, *id.* at 727-728.

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Aptly, only those which are relevant and pertinent must accompany the petition. The test of relevancy is whether the document in question will support the material allegations in the petition, whether said document will make out a *prima facie* case of grave abuse of discretion as to convince the court to give due course to the petition.[124]

After examining the records of the case, the Court considers the documents herein attached as substantial compliance with the requirements of the Rules. Needless to state, liberal construction of procedural rules is the norm to effect substantial justice, and litigations should, as much as possible, be decided on the merits and not on technicalities.[125]

Having resolved the procedural issues raised, the Court will now dwell on the merits of the case.

PICCI is a Government-Owned and Controlled Corporation that was organized in accordance with the Corporation Code; thus, it is covered by the limitation imposed by Sec. 30 of the Corporation Code and DBM Circular Letter No. 2002-02

One of the arguments raised by petitioners is the alleged inapplicability of Section 30 of the Corporation Code, which prohibits directors from receiving compensation other than reasonable *per diems*, unless approved by the vote of stockholders representing at least a majority of the outstanding capital stock, and if authorized, the yearly compensation shall not exceed 10% of the net income before income tax of the corporation during the preceding year, to wit:

Section 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:

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[124] *Id.* at 728.

[125] *Doble, Jr. v. ABB, Inc./Nitin Desai*, 810 Phil. 210, 228 (2017).

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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. 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.

According to petitioners, the above-mentioned provision is inconsistent with Section 3[126] of P.D. No. 520 which expressly provides that the Board may fix the compensation of the officers of PICCI. Even assuming otherwise, the grant of the disallowed benefits is sanctioned by Section 30 of the Corporation Code, because it was fixed in PICCI's By-Laws and approved by the Monetary Board of the BSP.

Petitioners are mistaken.

In the case of *Tetangco, Jr. v. Commission on Audit*,[127] PICCI was categorically declared as a government-owned and controlled corporation, which was organized under the Corporation Code, thus:

The PICCI was incorporated pursuant to P.D. No. 520, which provides:

> **Section 2.** In order for the International Conference Center to enjoy autonomy of operation, separate and distinct from that of the Central Bank, the latter is hereby authorized to organize a corporation to be known as the Manila International Conference Center which will manage and operate the former, the capital of which shall be fully subscribed by the Central Bank.
>
> The governing powers and authority of the corporation shall be vested in, and exercised by, a Board of Directors composed of the Central Bank Governor as Chairman, the Senior Deputy as Vice Chairman, and five other members to be designated by the Monetary Board.

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[126] Sec. 3 x x x The Chairman, with the confirmation of the Board, shall have the power to appoint all officers, staff and personnel of the Conference Center with such compensation as may be fixed by the Board. Officials and employees of the Center shall be exempt from the coverage of the Civil Service Law and Rules.

[127] G.R. No. 244806, September 17, 2019. (Citations omitted).

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[x x x x]

PICCI's sole stockholder is the BSP. The Administrative Code of 1987 defines a GOCC in this wise:

> (13) government-owned or controlled corporations refer to any agency organized as a stock or non-stock corporation vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the government directly or indirectly through its instrumentalities either wholly, or **where applicable as in the case of stock corporations to the extent of at least 51% of its capital stock**.

Verily, a corporation is a government-owned or controlled corporation when the government directly or indirectly owns or controls at least a majority or 51% share of the capital stock. A government-owned or controlled corporation is either a "parent" corporation, *i.e.*, one "created by special law" (Sec. 3 (a), PD 2029) or a "subsidiary" corporation, *i.e.*, one created pursuant to law where at least a majority of the outstanding voting capital stock is owned by the parent government corporation and/or other government-owned subsidiaries.

The COA's audit jurisdiction extends not only to government agencies or instrumentalities, but also to "government-owned and controlled corporations with original charters as well as other government-owned or controlled corporations" without original charters.

In ***GSIS Family Bank Employees Union v. Villanueva***, the Court clarified that a government-owned or controlled corporation is: (1) established by original charter or through the general corporation law; (2) vested with functions relating to public need whether governmental or proprietary in nature; and (3) directly owned by the government or by its instrumentality, or where the government owns a majority of the outstanding capital stock. Possessing all three (3) attributes is necessary to be classified as a government-owned or controlled corporation. In the case of the PICCI, it may not be an originally chartered corporation, but it is a subsidiary corporation of BSP organized in accordance with the Corporation Code of the Philippines.

The personality of PICCI as a GOCC subsidiary of BSP has already been settled in ***Singson***, *viz.*:

> 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

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> Incorporation of PICCI was registered on July 29, 1976 in the Securities and Exchange Commission. x x x.

Clearly, it is now settled that PICCI is a GOCC that was organized under the Corporation Code. P.D. No. 520 merely authorized the Central Bank of the Philippines, now, BSP, to establish PICCI. BSP, thereafter, organized PICCI through the processes mandated by the Corporation Code. Thus, having been incorporated under the Corporation Code, PICCI is subjected not only to the provisions of P.D. No. 520, but also to the provisions of the Corporation Code, one of which is Section 30, a provision covering the Board of Directors of a Corporation. Notably, Section 6 of P.D. No. 520 recognizes the applicability of the Corporation Code as follows:

> **Section 6.** The provisions of the Corporation Law, as amended, not inconsistent with the Decree shall be applicable to the corporation authorized to be created herein on matters not covered by the latter.

It bears noting that the limitations imposed under Section 30 of the Corporation Code is a matter that is not covered by the provisions of P.D. No. 520. While the Board of Directors of PICCI was given the authority to fix compensation of all officers, staff and personnel of PICCI, upon confirmation of the Monetary Board, nowhere from the provisions of PD No. 520 was it declared, nor can it be inferred, that they were given an unbridled discretion. Rather, Section 30 of the Corporation Code serves to complement the scope of authority of the members of the Board of Directors of PICCI, especially that it authorizes a financial grant decided by themselves, and for themselves. As members of the Board of Directors, they have a fiduciary duty to safeguard and properly utilize the funds of the corporation. As such, the limitation imposed by Section 30 of the Corporation Code prevents them from abusing the powers vested in them by P.D. No. 520.

Further complementing the limitation imposed by Section 30 of the Corporation Code is DBM Circular Letter No. 2002-02 dated January 2, 2002, which provides among others, that members of the Board of Directors of agencies are not salaried officials of the government. As non-salaried officials, they are not entitled to Personnel Economic Relief Allowance (PERA),

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Additional Compensation (ADCOM), Year-End Bonus (YEB), and retirement benefits unless expressly provided by law.

Notably, there is no express provision under P.D. No. 520 made in favor of the Board of Directors of PICCI, to grant specific bonuses or allowances, which would have authorized them to decide on any financial grant they may extend unto themselves. The exemption of the PICCI from the coverage of Civil Service laws and rules under Section 3 of P.D. No. 520 does not constitute an authority for its Board of Directors to decide on any financial grants for themselves. While PICCI is given fiscal autonomy, such autonomy cannot go beyond the confines of existing laws such as Section 30 of the Corporation Code, and issuances such as DBM Circular Letter No. 2002-02, which serves as an exercise of supervision on the part of the national government, which granted PICCI with fiscal autonomy. In the case of *Philippine Health Insurance Corporation v. Commission on Audit*,[128] the Board of Directors of PHIC received various benefits and allowances to its officers and personnel, which were disallowed by COA. On the argument of PHIC Board of Directors that it has fiscal independence to fix the compensation of its personnel, this Court held:

> In *Phil. Health Insurance Corp. v. Commission on Audit, et al.*, the Court had aptly discussed that PHIC has no unrestricted discretion to issue any and all kinds of allowances. It has no unlimited power to adopt compensation and benefit schemes for its employees, *viz.*:
>
> The extent of the power of GOCCs to fix compensation and determine the reasonable allowances of its officers and employees had already been conclusively laid down in *Philippine Charity Sweepstakes Office (PCSO) v. COA*, to wit:
>
> The PCSO stresses that it is a self-sustaining government instrumentality which generates its own fund to support its operations and does not depend on the national government for its budgetary support. Thus, it enjoys certain latitude to establish and grant allowances and incentives to its officers and employees.
>
> We do not agree. x x x

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[128] G.R. No. 235832, November 3, 2020.

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Even if it is assumed that there is an explicit provision exempting the PCSO from the OCPC rules, the power of the Board to fix the salaries and determine the reasonable allowances, bonuses and other incentives was still subject to the DBM review. In *Intia, Jr. v. COA*, the Court stressed that the discretion of the Board of Philippine Postal Corporation on the matter of personnel compensation is not absolute as the same must be exercised in accordance with the standard laid down by law, *i.e.*, its compensation system, including the allowances granted by the Board, must strictly conform with that provided for other government agencies under R.A. No. 6758 in relation to the General Appropriations Act. To ensure such compliance, the resolutions of the Board affecting such matters should first be reviewed and approved by the DBM pursuant to Section 6 of P.D. No. 1597.

The Court, in the same case, further elaborated on the rule that notwithstanding any exemption granted under their charters, the power of GOCCs to fix salaries and allowances must still conform to compensation and position classification standards laid down by applicable law.

Thus, in the absence of an express grant allowing for bonuses and allowances, laws relating to compensation that impose procedures and limitations on the powers of a Board of Directors of a corporation must be applied to the case of PICCI. Any financial grant that is not allowed by law must necessarily be struck down and be refunded in accordance with existing rules. Conversely, a financial grant that is authorized by law must be allowed and should be retained by the recipients.

COA erroneously disallowed the grant of Representation and Transportation Allowance (RATA) to the members of the Board of Directors of PICCI

In sustaining the NDs against petitioners, the COA ratiocinated that the grant of RATA to the members of the Board of Directors of PICCI must be supported by receipts and invoices as proof that the funds were indeed expended in the performance of their official function. In essence, the COA seeks for justification of the grant of RATA by requiring proof of the actual performance of functions of the recipients.

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This is erroneous.

Statutory law, as implemented by administrative issuances and interpreted in decisions, has consistently treated RATA as distinct from salary. Unlike salary which is paid for services rendered, RATA belongs to a basket of allowances to defray expenses deemed unavoidable in the discharge of office. Hence, RATA is paid only to certain officials who, by the nature of their offices, incur representation and transportation expenses.[129] As such, the basis for the grant of RATA is the nature of the office assumed by the recipient. Once the recipient assumes office, he/she is presumed to have performed his/her actual duties and functions. Concomitantly, as the officer performs his/her functions, he/she thereby incurs representation and transportation expenses as required by the nature of his/her office. Thus, as long as the officer who receives the RATA is able to perform his/her duties as required by the nature of his/her office, the grant of RATA is already justified. There is no more need to substantiate it with receipts or invoices to prove that the RATA was expended in the performance of their official functions.

Further, as explained by this Court in *Department of Budget and Management v. Leones*,[130] the classification of RATA as a distinct allowance from salary became necessary mainly because under Section 12 of the Compensation and Position Classification Act of 1989 *(RA No. 6758)* (applicable to all public sector employees), all forms of "financial assistance" and "allowances" were integrated to the standardized salaries except for certain allowances specified by RA No. 6758 (such as RATA) and as determined by regulation.[131] As such, the law recognizes the grant of RATA to certain officers, in addition to salary for services that has been rendered. In the absence of any provision in the law which lays down conditions before RATA may be granted, the COA's requirement on the need to substantiate it with receipts or

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[129] *Department of Budget and Management v. Leones*, 630 Phil. 66, 73 (2010).

[130] *Id.*

[131] *Department of Budget and Management v. Leones*, *supra* note 129.

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invoices finds no legal basis. To place the burden on the recipient to produce receipts or invoices in order to justify its release would even go against the very reason for which the grant of RATA is being authorized, which is premised on the performance of duties of an officer based on the nature of the office.

With respect to the limitation imposed by Section 30 of the Corporation Code, suffice it to state that the nature of RATA is not considered as a compensation that is subject to the 10% net income limitation on the yearly compensation of the members of the Board of Directors. As explained, RATA is distinct from salary as it is not based on the services rendered, but an allowance that is intended to defray expenses deemed unavoidable in the discharge of one's office. Once RATA is granted by a corporation, the amount that may be extended to qualified officers shall be within the scope of the allowable limitations specified under the General Appropriations Act. Under Republic Act No. 9970, or the 2010 General Appropriations Act, RATA may be granted in accordance with certain rates, thus:

SECTION 47. *Representation and Transportation Allowances*. — The following officials of National Government Agencies, while in the actual performance of their respective functions, are hereby authorized monthly commutable representation and transportation allowances payable from the programmed appropriations provided for their respective offices at rates indicated below, which shall apply to each type of allowance at:

(a) ₱11,000 for Department Secretaries;
(b) ₱8,700 for Department Undersecretaries;
(c) ₱7,800 for Department Assistant Secretaries;
(d) ₱7,000 for Bureau Directors and Department Regional Directors;
(e) ₱6,500 for Assistant Bureau Directors, Department Assistant Regional Directors, Bureau Regional Directors, and Department Service Chiefs;
(f) ₱5,500 for Assistant Bureau Regional Directors; and
(g) ₱4,000 for Chief of Divisions, identified as such in the Personal Services Itemization and Plantilla of Personnel.

The determination of those that are of equivalent ranks with the above cited officials in the government shall be made by the DBM.

The transportation allowance herein authorized shall not be granted to officials who are assigned or presently use government motor

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transportation. Unless otherwise provided by law, no amount appropriated in this Act shall be used to pay representation or transportation allowances, whether commutable or reimbursable, which exceed the rates authorized under this section. Previous administrative authorizations inconsistent with the rates and conditions specified herein shall no longer be valid and payment shall not be allowed.

The representation and transportation allowances of local government officials who are of equivalent rank to the foregoing officials shall be at the same percentages as the salary rates under R.A. No. 6758, as amended, and subject to the budgetary limitations under R.A. No. 7160.

COA failed to take into consideration Section 47 of the 2010 General Appropriations Act when it disallowed the grant of RATA to the members of the Board of Directors of PICCI. Had it considered the above provision, it would have found that the law allows granting of RATA based on applicable rates, without any requirement for substantiation by receipts or invoices.

Furthermore, allowing the grant of RATA to members of the Board of Directors of PICCI has already been settled in the case of *Singson*.[132] Therein, the Court held that the grant of RATA to each of the members of the Board of Directors of PICCI is valid since it was authorized by MB Resolution No. 15, dated January 5, 1994, as amended by MB Resolution No. 34, dated January 12, 1994, and is not the same as salary. Thus, the grant of RATA to the members of the Board of Directors of PICCI does not run afoul the constitutional proscription against double compensation.[133]

An examination of the facts of this case would likewise reveal that it carries the same factual milieu, with the case of *Tetangco, Jr. v. Commission on Audit*[134] that was decided by

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[132] *Supra* note 57.

[133] 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 or gratuities shall not be considered as additional, double or indirect compensation.

[134] *Supra* note 127.

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this Court on September 17, 2019, except that the two cases involve different NDs.

In *Tetangco, Jr.*, ND No. 12-001-GF-(10&11) dated February 28, 2012 was issued against Amando M. Tetangco, Jr. (then BSP Governor); Armando L. Suratos (then BSP Deputy Governor); and Juan D. De Zuñiga, Jr. (then BSP Deputy Governor and General Counsel) in their capacity as members of the Board of Directors of PICCI, covering the period of January 2010 to February 2011 on account of receiving RATA, bonuses and amounts in excess of allowable *per diems*. With respect to the issue of the grant of RATA to the members of the Board of Directors of PICCI, it was held:

> ***Singson*** pointedly resolved as valid the grant of RATA to members of the PICCI Board of Directors who are also BSP officers, *viz.*:
>
> [x x x x]
>
> 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]
>
> 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. (Italics supplied.)

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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, 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 P1,500.00, 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 P1,500.00 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 P1,000.00 *per diem*, does not run afoul the constitutional proscription against double compensation.
>
> [x x x x]
>
> 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 P1,000.00 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 P1,500.00 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 Bangko Sentral ng Pilipinas. In this regard, we take into consideration the good faith of petitioners.

Applying ***Singson*** here, we rule that like the grant of per diems, the payment of RATA to petitioners Tetangco, Suratos and De Zuñiga does not violate the constitutional proscription against double compensation.

In any event, the COA contradicted itself when in one breadth, it acknowledged the application of ***Singson*** to this case, but in another, it disallowed the grant of RATA to aforenamed petitioners for supposed lack of valid authority. In truth, ***Singson*** is one such valid authority

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supporting the grant of RATA to petitioners. The other sources of such authority are MB Resolution No. 34 dated January 12, 1994, No. 665 dated July 3, 1996, No. 1919 dated October 31, 2000, No. 1518 dated December 7, 2006, No. 1901 dated December 29, 2009, and No. 1855 dated December 23, 2010. These resolutions were passed by the PICCI Board of Directors and approved no less by the BSP-MB x x x.[135]

With respect to the issuance of RATA in the amount of ₱10,000.00 to each of the members of the Board of Directors of PICCI, MB Resolution No. 1901 dated December 29, 2009 was passed,[136] and serves as the authority for the grant thereof. As RATA is different from the salary received by the members of the Board of Directors of PICCI, which is a form of allowance intended to defray expenses deemed unavoidable in the discharge of office, the grant of RATA, once authorized based on the nature of the office, should be allowed to proceed.

Notably, the period covered by the ND in *Tetangco, Jr.* is the very same period covered by the NDs in the instant case, which is for CY 2010-2011. In the 2010 COA Report on Salaries and Allowances Received by Principal Officers and Members of Governing Boards of Government-Owned and Controlled Corporations and their Subsidiaries and Secretaries, Undersecretaries and Assistant Secretaries of National Government Agencies, the members of the Board of Directors of PICCI for the year 2010 were identified as follows:

Philippine International Convention Center, Inc.

TETANGCO, AMANDO, JR. M.	BOD Chairman
SURATOS, ARMANDO L.	BOD Vice Chairman
DE ZUÑIGA, JUAN JR. D.	BOD Vice Chairman
VILLANUEVA, ARACELI E.	BOD Member
ONG, SHIRLEY S.	BOD Member
TUASON, RUBY C.	BOD Member
LIM, ELOISA A.	BOD Member
QUIRINO, SOCORRO R.	BOD Member

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[135] *Tetangco, Jr. v. Commission on Audit*, *supra* note 127. (Citations omitted).

[136] *See Tetangco, Jr. v. Commission on Audit*, *supra* note 127.

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As can be gleaned therefrom, the personalities involved in *Tetangco, Jr.* are the *ex-officio* members of the Board of Directors of PICCI, while in this case, the personalities involved are the regular members of the PICCI Board of Directors that were designated by the Monetary Board, for CY 2010-2011, pursuant to its composition under Section 2 of P.D. No. 520, *viz.*:

> **Section 2.** x x x
>
> The governing powers and authority of the corporation shall be vested in, and exercised by, a Board of Directors composed of the Central Bank Governor as Chairman, the Senior Deputy as Vice Chairman, and five other members to be designated by the Monetary Board.

Considering that the grant of RATA to members of the Board of Directors in *Tetangco, Jr.* was upheld, the principle of *res judicata* by conclusiveness of judgment and *stare decisis*, insofar as it allowed the granting of RATA to the *ex-officio* members of the PICCI Board of Directors, dictates that the same principle must be applied to the remaining members of the Board of Directors for CY 2010-2011, who are those involved in the instant case.

Res judicata by "conclusiveness of judgment" finds application when there is identity of parties in the first and second cases, but no identity of causes of action, and a fact or question has been squarely put in issue, judicially passed upon, and adjudged in a former suit by a court of competent jurisdiction. The fact or question settled by final judgment or order binds the parties to that action, and continues to bind them while the judgment or order remains standing and unreversed by proper authority on a timely motion or petition; the conclusively-settled fact or question cannot again be litigated in any future or other action between the same parties or their privies and successors-in-interest, in the same or in any other court of concurrent jurisdiction, either for the same or for a different cause of action.[137] In *Heirs of Elliot v. Corcuera*,[138] the Court held that *res judicata* by conclusiveness of

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[137] *Heirs of Eutiquio Elliot v. Corcuera*, G.R. No. 233767, August 27, 2020.

[138] *Supra*, citing *Spouses Rosario v. Alvar*, 817 Phil. 994, 1005 (2017).

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judgment, requires the concurrence of the following elements: (1) the judgment sought to bar the new action must be final; (2) the decision must have been rendered by a court having jurisdiction over the subject matter and the parties; (3) the disposition of the case must be a judgment on the merits; and (4) there must be as between the first and second action, identity of parties, but not identity of causes of action.

Applying the requisites to the case at bar, *firstly*, *Tetangco, Jr.*, attained finality on March 12, 2020.[139] *Secondly*, the Decision in *Tetangco, Jr.* was rendered in the exercise of this Court's jurisdiction. *Thirdly*, the ruling of the Court in *Tetangco, Jr.* is a judgment on the merits that conclusively settled that PICCI's Board of Directors are entitled to receive an allowance insofar as the RATA is concerned. *Fourthly*, the parties in *Tetangco, Jr.* and in this case involves disallowances in the grant of RATA and other bonuses for CY 2010-2011, only that the causes of action differ since the NDs were separately issued by COA, one for the *ex-officio* members, while other Notices were issued for the regular members of the Board of Directors of PICCI for CY 2010-2011. Consequently, the ruling of the Court in *Tetangco, Jr.*, insofar as it ruled on the entitlement to RATA of the Board of Directors of PICCI, is conclusive upon this case.

Considering that the grant of RATA for CY 2010-2011 has already been resolved in *Tetangco, Jr.*, We, likewise, apply the principle of *stare decisis et non quieta movere*, which literally means to adhere to precedents, and not to unsettle things which are established."[140] The rule of *stare decisis* is a bar to any attempt to relitigate the same issue where the same questions relating to the same event have been put forward by parties similarly situated as in a previous case litigated and decided by a competent court.[141] In other words, it denies the examination and relitigation of issues

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[139] Per Court Administration System Verification.

[140] *Tala Realty Services Corp., Inc. v. Banco Filipino Savings & Mortgage Bank*, 788 Phil. 19, 26 (2016).

[141] *Light Rail Transit Authority v. Alvarez*, 801 Phil. 40, 51 (2016).

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where the same had already been decided upon, as judicial decisions form part of our legal system.[142] It is one of policy grounded on the necessity for securing certainty and stability of judicial decisions.[143] As such doctrine is grounded upon the stability of judicial decisions, any attempt to abandon any judicial pronouncement requires strong and compelling reasons therefor.[144]

With *Tetangco, Jr.* and this case involving the totality of the members of the Board of Directors of PICCI for CY 2010-2011, the issue on the validity of granting RATA, authorized by MB Resolution No. 1901 dated December 29, 2009, as proclaimed in *Tetangco, Jr.*, must be upheld. Verily, RATA, as a separate allowance authorized by R.A. 6758, is not considered as part of the compensation which the Board of Directors of PICCI are prohibited from receiving. As RATA is given based on the nature of office, there is no need for it to be substantiated with receipts or invoices.

COA properly disallowed the grant of Christmas and Anniversary Bonus, and Medical Reimbursement

Unlike RATA, which is expressly authorized by R.A. No. 6758 and imposes no conditions, the grant of other bonuses and benefits received by the members of the Board of Directors of PICCI must comply with existing regulations, failure of which equates to an unauthorized disbursement.

It is well to reiterate that "PICCI is a GOCC subsidiary of BSP."[145] PICCI was organized pursuant to P.D. No. 520, as amended, with BSP as its sole stockholder.[146] In *Land Bank of*

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[142] *Commissioner of Internal Revenue v. Federation of Golf Clubs of the Philippines, Inc.*, G.R. No. 226449, July 28, 2020.

[143] *Almagro v. Philippine Airlines, Inc.*, G.R. No. 204803, September 12, 2018.

[144] *Commissioner of Internal Revenue v. Federation of Golf Clubs of the Philippines, Inc.*, *supra* note 143.

[145] *Tetangco, Jr. v. Commission on Audit*, *supra* note 127.

[146] *Rollo*, p. 44.

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the Philippines v. Commission on Audit,[147] the Court emphatically explained that the power of governing Boards of GOCCs and Government Financial Institutions, or any other corporation created by a special law to adopt a compensation and benefit scheme, is limited to the specifications indicated in the legislative act. The consistent rule is that the organic law must expressly provide the allowances and benefits due to the Board of Directors; entitlement thereto can never be implied.[148]

Here, P.D. No. 520 is silent with respect to the benefits and allowances owing to petitioners as members of the PICCI Board of Directors. It nevertheless authorizes the Board of Directors of PICCI to promulgate rules and regulations in a Code of By-Laws[149] and to fix the compensation of all officers, staff and personnel of PICCI. An Amended By-Laws of PICCI was thereafter passed by the Board of Directors, granting unto themselves, allowances when its By-Laws decreed under Section 8, the following:

> Section 8. *Compensation*. – Directors, as such, shall not receive any salary for their services but shall receive a *per diem* and allowances in such amounts as may be fixed by a majority of all the members of the Board of Directors in a regular or special meeting and approved by the Monetary Board. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.[150] (Underscoring supplied)

Other than *per diem*, and RATA as authorized by R.A. No. 6758 and MB Resolution No. 1901, the grant of allowances must not simply be based on the discretion of the members of the Board of Directors of the PICCI. Any allowance to be given by the PICCI Board must be one which is specifically authorized by law. This is because the law mandates that "[n]o money shall be paid

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[147] G.R. No. 224288, September 15, 2020 (Minute Resolution), citing *PhilHealth v. Commission on Audit*, G.R. No. 222838, September 4, 2018.

[148] *Land Bank of the Philippines v. Commission on Audit*, *id.*

[149] P.D. 520, Sec. 2.

[150] *Rollo*, p. 125. (Emphasis supplied)

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out of any public treasury or depository except in pursuance of an appropriation law or other specific statutory authority."[151] [F]iscal autonomy alone will not justify the questioned grants. Again, the benefits must either be explicitly indicated under applicable law or specifically authorized by a DBM issuance.[152]

In this case, DBM Circular Letter No. 2002-02 dated January 2, 2002, provides among others, that members of the Board of Directors of agencies are not salaried officials of the government. As non-salaried officials, they are not entitled to PERA, ADCOM, YEB, and retirement benefits unless expressly provided by law. While the DBM Circular applies to PICCI, being a GOCC, the bonuses that were disallowed by COA in this case do not partake the nature of the benefits that are prohibited by DBM Circular Letter No. 2002-02. The bonuses received by the members of the Board of Directors of PICCI are the Christmas and Anniversary bonuses that are considered as a form of compensation, which the Board of Directors of PICCI may fix in accordance with P.D. No. 520.

By definition, "bonus" is a gratuity or act of liberality of the giver. It is something given in addition to what is ordinarily received by or strictly due the recipient. It is granted and paid to an employee for his/her industry and loyalty which contributed to the success of the employer's business and made possible the realization of profits. It is not a gift, but a sum paid for services, or upon some other consideration, but in addition to or in excess of that which would ordinarily be given. Verily, bonus is a form of compensation for services rendered,[153] which is nevertheless covered by the limitation imposed by Section 30 of the Corporation Code, which reads:

Section 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

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[151] *National Transmission Corp. v. Commission on Audit*, G.R. No. 232199, December 1, 2020.

[152] *Philippine Health Insurance Corp. v. Commission on Audit*, *supra* note 128.

[153] *Tetangco, Jr. v. Commission on Audit*, *supra* note 127.

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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.

Here, despite the Monetary Board's approval of the budget of PICCI, which included the grant of Anniversary and Christmas bonuses to the members of the Board of Directors of PICCI, it is not disputed that PICCI incurred losses for the CYs 2009 and 2010. Without a net income derived from the previous year, there will be no valid appropriation for which the bonuses of the members of the Board of Directors of PICCI may be taken from, which could be disbursed for CY 2010-2011. With the limitation imposed by Section 30 of the Corporation Code, any form of compensation that may be extended to the Board of Directors of PICCI must be premised on the presence of a net income produced by PICCI in the previous year. It cannot simply rely on the approval of the Monetary Board as the Corporation Code requires the presence of a net income before any compensation may be given by the Board of Directors unto themselves. Thus, the Anniversary and Christmas bonuses were properly disallowed by COA.

With respect to the reimbursement for medical expenses, there is no law that allows the members of the Board of Directors of PICCI to grant this benefit. Being neither an allowance nor a compensation rendered for service, a reimbursement of this kind, which involves medical expenses that are personal to the person's health and well-being, and which are not considered as a direct expense caused by the nature of the office, the same cannot be authorized. Moreover, a circumspect scrutiny of the documents submitted by petitioners would reveal the absence of any Resolution of the Board of Directors of PICCI and that of the Monetary Board expressly allowing the reimbursement of medical expenses of petitioners. As a matter of fact, the only document which petitioners attached is a copy of the Proposed Budget for CY 2010[154] approved by the Monetary Board.[155] This

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[154] *Rollo*, pp. 133-135.

[155] *Id.* at 136.

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did not include medical allowance or reimbursement as one of the benefits which the Board of Directors and Monetary Board authorized. Hence, petitioners failed to establish the legal basis for the grant of their medical reimbursements. Necessarily, its grant was properly disallowed by COA.

In *National Transmission Corp. v. Commission on Audit*,[156] the Court stressed that the burden of proving the validity or legality of the grant of allowance or benefit is with the government agency or entity granting the allowance or benefit, or the employee claiming the same. Petitioners heavily relied on the authority given to them by P.D. 520 and their By-Laws. However, their authority does not constitute an unbridled discretion. There must first be a basis in law for granting the same, considering that the Board of Directors has the fiduciary duty to the corporation and the stockholder they serve.

Petitioners who are recipients of the disallowed amounts are liable to refund the same.

In *Madera v. Commission on Audit*[157] *(Madera)*, the Court laid down a clear set of rules on the refund of amounts disallowed by the COA for a just and equitable outcome among persons liable for disallowances.[158]

For approving officers, on one hand, they are made solidarily liable with the recipients if they acted in bad faith, malice, or gross negligence under Sections 38, 39, and 43 of the Administrative Code. To be exonerated from liability therefor, such approving officers must demonstrate due diligence, as may be indicated: (1) by Certificates of Availability of Funds pursuant to Section 40 of the Administrative Code, (2) by In-house or Department of Justice

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[156] G.R. No. 244193, November 10, 2020, citing *Maritime Industry Authority v. Commission on Audit*, *supra* note 104, at 330-331.

[157] G.R. No. 244128, September 8, 2020.

[158] *Velasquez v. Commission on Audit*, G.R. No. 243503, September 15, 2020, citing *Madera v. Commission on Audit*, *id.*

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legal opinion, (3) that there is no precedent allowing a similar case in jurisprudence, (4) that it is traditionally practiced within the agency and no prior disallowance has been issued, [or] (5) with regard the question of law, that there is a reasonable textual interpretation on its legality.[159]

Recipients, on the other hand, are liable to refund, regardless of good faith, on the basis of *solutio indebiti* and unjust enrichment.[160] The metamorphosis of the rules governing accountability for disallowances, especially payee liability for the amount actually received, strives to create a harmonious interplay of the provisions, of the Administrative Code, the principles of unjust enrichment and *solutio indebiti* under the Civil Code, and the policy of social justice in disallowance cases.[161]

To be sure, a government instrumentality's disbursement of salaries that contravenes the law is a payment through error or mistake. A person who receives such erroneous payment has the quasi-contractual obligation to return it because no one shall be unjustly enriched at the expense of another, especially if public funds are at stake. The law constitutes the person receiving money through mistake a trustee of a constructive trust for the benefit of the person from whom the property comes, which, in this case, is the government.[162]

In so holding, the Court has returned to the basic premise that the responsibility to return is a civil obligation to which fundamental civil law principles, such as unjust enrichment and *solutio indebiti*, apply regardless of the good faith of passive recipients.[163]

Nevertheless, the rule that a payee shall be liable for the return of the amount he/she unduly received is not absolute. The Court

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[159] *Velasquez v. Commission on Audit*, *id.*

[160] *Id.*

[161] *National Transmission Corp. v. Commission on Audit*, *supra* note 157, citing *Madera v. COA*, *supra* note 159.

[162] *National Transmission Corp. v. Commission on Audit*, *supra* note 152.

[163] *National Transmission Corp. v. Commission on Audit*, *supra* note 157.

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may excuse the return of the disallowed amount received when: (1) it was genuinely given in consideration of services rendered; (2) undue prejudice will result from requiring the return; (3) social justice comes into play; or (4) the case calls for humanitarian consideration.[164]

On the basis thereof, the Court laid down the Rules on Return in determining the liability of approving officers and recipients, in this wise:

1. If a Notice of Disallowance is set aside by the Court, no return shall be required from any of the persons held liable therein.

2. If a Notice of Disallowance is upheld, the rules on return are as follows:

   a. Approving and certifying officers who acted in good faith, in regular performance of official functions, and with the diligence of a good father of the family are not civilly liable to return consistent with Section 38 of the Administrative Code of 1987.

   b. Approving and certifying officers who are clearly shown to have acted in bad faith, malice, or gross negligence are, pursuant to Section 43 of the Administrative Code of 1987, solidarily liable to return only the net disallowed amount which, as discussed herein, excludes amounts excused under the following sections 2c and 2d.

   c. Recipients — whether approving or certifying officers or mere passive recipients — are liable to return the disallowed amounts respectively received by them, unless they are able to show that the amounts they received were genuinely given in consideration of services rendered.

   d. The Court may likewise excuse the return of recipients based on undue prejudice, social justice considerations, and other *bona fide* exceptions as it may determine on a case-to-case basis.[165]

As a supplement to the *Madera* Rules on Return, the Court in *Abellanosa v. Commission on Audit*,[166] clarified that for a

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[164] *Id.*

[165] *Madera v. Commission on Audit*, *supra* note 158.

[166] G.R. No. 185806, November 17, 2020.

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recipient to be excused from returning what has been received under Rule 2(c), *i.e.*, amounts genuinely given in consideration of services rendered, the following requisites must concur:

(a) the personnel incentive or benefit has proper basis in law but is only disallowed due to irregularities that are merely procedural in nature; and

(b) the personnel incentive or benefit must have a clear, direct, and reasonable connection to the actual performance of the payee-recipient's official work and functions for which the benefit or incentive was intended as further compensation.

Verily, these refined parameters are meant to prevent the indiscriminate and loose invocation of Rule 2(c) of the ***Madera*** Rules on Return which may virtually result in the practical inability of the government to recover.[167] To stress, Rule 2(c) as well as Rule 2(d), should remain true to their nature as exceptional scenarios; they should not be haphazardly applied as an excuse for non-return, else they effectively override the general rule which, again, is to return disallowed public expenditures.[168]

In this case, with our finding that the RATA received by the members of the Board of Directors of PICCI is valid and authorized by law, there is no longer a need to return the amount corresponding thereto. Correspondingly, Melpin Gonzaga, whose liability is premised on his approval of the payment of the January 2011 RATA, should be absolved from any liability, considering that the allowance which he facilitated for disbursement is valid.

With respect to the return of the Anniversary and Christmas bonuses, and medical reimbursement, the approving officers who proposed the budget of PICCI for which these unauthorized benefits supposedly emanated from, were the members of the Board of Directors, herein petitioners Lim, Ong, Quirino, Villanueva, and Tuason. At the same time, they are also the recipients of these unauthorized benefits.

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[167] *Id.*

[168] *Id.*

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Approving officers are exempted from returning the disallowed amounts based on good faith if the following requisites concur: (1) that they acted in good faith believing that they could disburse the disallowed amounts based on the provisions of the law; and (2) that they lacked knowledge of facts or circumstances which would render the disbursements illegal, such when there is no similar ruling by this Court prohibiting a particular disbursement or when there is no clear and unequivocal law or administrative order barring the same.[169] Good faith is a state of mind denoting honesty of intention, and freedom from knowledge of circumstances which ought to put the holder upon inquiry; an honest intention to abstain from taking any unconscientious advantage of another, even through technicalities of law, together with absence of all information, notice, or benefit or belief of facts which render transaction unconscientious.[170]

Guided by the foregoing guidelines, the petitioners who are members of the Board of Directors of PICCI, cannot be said to have acted in good faith. As part of the body in charge of the management of the corporation, they must be well aware that PICCI was incorporated under the provisions of the Corporation Code. As such, they must be aware that they are also governed by the provisions of law that gave life to the corporation. Among the provisions in the Corporation Code, which govern the management of the corporation is a Title on Board of Directors, Section 30 of which does not allow the grant of compensation to the members of the Board of Directors unless approved by the stockholders representing majority of the outstanding capital stock, and if approved by stockholders, the same is still subject to the condition of the presence of a net income during the preceding year, and which compensation shall not exceed 10% net income before income tax of the corporation. With the losses incurred by PICCI in CY 2009, there is certainly no net income generated from which benefits for CY 2010 may be taken from. This fact

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[169] *Development Bank of the Philippines v. Commission on Audit*, 827 Phil. 818, 835-836 (2018).

[170] *Torreta v. Commission on Audit*, *supra* note 107, citing *Montejo v. Commission on Audit*, G.R. No. 232272, July 24, 2018, 874 SCRA 263, 276.

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negates any good faith on their part in approving the unauthorized benefits for themselves.

The same is true on the part of Berciles and Bernardo, Jr., as they facilitated the disbursement of the unauthorized benefits. Despite the losses incurred by PICCI for CY 2009, Berciles still approved the payment of the unauthorized benefits. Bernardo, Jr. also issued a certification that the payment for the unauthorized benefits is necessary, lawful and appropriate. The losses recorded by PICCI negate the certification of Bernardo, Jr. Payment of a benefit that is made dependent on the presence of earnings is neither necessary nor appropriate, especially if it contravenes the requirements of the law. The actions of the approving and certifying officers, thus, equate gross negligence, allowing and facilitating the disbursement of funds despite the absence of earnings from which the same may be taken.

Moreover, with their failure to comply with the law, no legal basis exists, which would authorize Lim, Ong, Quirino, Villanueva, and Tuason to receive the Anniversary and Christmas bonuses and reimbursement for medical expenses that were released to them. Thus, they must return these amounts.

Petitioners, with the exception of Gonzaga, are, therefore, solidarily liable to return the net disallowed amounts corresponding to the Anniversary and Christmas bonuses and medical reimbursement. This excludes the amount corresponding to the RATA received by Lim, Ong, Quirino, Villanueva, and Tuason, which is an authorized allowance.

WHEREFORE, premises considered, the Petition for *Certiorari* is **PARTIALLY GRANTED**. The Decision No. 2017-487 dated December 28, 2017 and Resolution No. 2019-002 dated September 27, 2018 of the Commission on Audit-Commission Proper are **AFFIRMED** with the following **MODIFICATIONS**:

1. Petitioners Antonio A. Bernardo, Jr., Victoria C. Berciles and the members of the Board of Directors of PICCI, Eloisa A. Lim, Shirley S. Ong, Socorro R. Quirino, Araceli E. Villanueva, and Ruby C. Tuason are **SOLIDARILY LIABLE** to **RETURN** the disallowed amount corresponding

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to the Christmas and Anniversary Bonuses and Medical Reimbursement received by Eloisa A. Lim, Shirley S. Ong, Socorro R. Quirino, Araceli E. Villanueva, and Ruby C. Tuason, within fifteen (15) days from finality of this Decision and via a mode of payment deemed just and proper by the Commission on Audit; and

2. Petitioner Melpin A. Gonzaga, who was found to have approved the release of the January 2011 Representation Allowance, which is a valid appropriation, is absolved from liability.

SO ORDERED.

Gesmundo, C.J., Perlas-Bernabe, Leonen, Caguioa, Hernando, Carandang, Lazaro-Javier, Inting, Zalameda, M. Lopez, Delos Santos, Gaerlan, and *Rosario, JJ.*, concur.

APPEARANCES OF COUNSEL

Melpin A. Gonzaga for himself and on behalf of *Eloisa A. Lim,* et al.

The Solicitor General for respondent.