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SECOND DIVISION

[G.R. No. 218663; February 28, 2022]

MUNICIPALITY OF CORELLA, represented by MAYOR JOSE NICANOR D. TOCMO, *Petitioner*, *v.* **PHILKONSTRAK DEVELOPMENT CORPORATION and VITO RAPAL,** *Respondents*.

D E C I S I O N

HERNANDO, *J.*:

This petition for review on *certiorari*[1] under Rule 45 of the Rules of Court assails the January 30, 2015 Decision[2] and June 9, 2015 Resolution[3] of the Court of Appeals (CA) in CA-G.R. SP No. 06516, affirming *in toto* the October 27, 2011 Decision[4] and November 25, 2011 Order[5] of the Construction Industry Arbitration Commission (CIAC) in CIAC Case No. 19-2011 entitled "*Philkonstrak Development Corp. v. Municipality of Corella, represented by Hon. Jose Nicanor D. Tocmo and Hon. Vito B. Rapal, in his personal capacity*." The Municipality of Corella, represented by Mayor Jose Nicanor D. Tocmo (Tocmo), was ordered to pay Philkonstrak[6] Development Corporation (Philkonstrak) the amount of ₱12,844,650.00.

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[1] *Rollo*, pp. 3-60.

[2] Id. at 85-96. Penned by Associate Justice Renato C. Francisco and concurred in by Associate Justices Gabriel T. Ingles and Pamela Ann Abella Maxino.

[3] Id. at 101-102.

[4] Id. at 62-84. Penned by Chairman Eduardo R. Ceniza and concurred in by Members Tomasito Z. Academia and Guadalupe O. Mansueto.

[5] Id. at 295-297.

[6] Spelled Philconstrak or Philkonstruct in some parts of the records.

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The Antecedents:

Corella is a municipality located in Bohol. It is represented by its municipal mayor, Tocmo.[7] On the other hand, Philkonstrak is a corporation duly organized and existing under Philippine laws. It is a private firm engaged in the business of design/build construction.[8] Vito Rapal (Rapal) was the former mayor of Corella.[9] During the pendency of the proceedings, Rapal is the Vice-Mayor of Corella.[10]

Sometime in 2009, Corella conducted a public bidding for the rehabilitation and improvement of its municipal waterworks system project. Philkonstrak emerged as the winning bidder.[11]

Subsequently, Corella, through then Mayor Rapal, entered into a contract agreement[12] (contract) with Philkonstrak for the rehabilitation and improvement of the municipal waterworks system for a total amount of ₱15,997,732.63.[13]

Pursuant to the contract, Philkonstrak procured the materials, equipment, and the labor force for the mobilization of the construction works. During the course of the project, Philkonstrak submitted progress reports to the municipal engineer of Corella for coordination and supervision.[14]

As of December 2009, Philkonstrak accomplished more than 50% of the work essential for the project for which Philkonstrak expended the amount of ₱8,233,000.00.[15] When Corella, through Tocmo, refused to pay and denied liability, Philkonstrak was forced

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[7] *Rollo*, p. 85.

[8] Id.

[9] Id. at 86.

[10] Id.

[11] Id.

[12] CA *rollo*, pp. 113-115.

[13] Id. at 113.

[14] *Rollo*, p. 86.

[15] Id.

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to suspend its construction works.[16] Consequently, Philkonstrak sent Corella, through Tocmo, a formal demand letter[17] to pay for the actual expenses incurred by Philkonstrak. Philkonstrak also sent a demand letter[18] to Rapal.

Tocmo, in his reply,[19] denied liability and questioned the validity of the contract. He averred that Rapal had no authority to enter into such contract during his term as mayor of Corella.[20]

On April 28, 2011, Philkonstrak filed before the CIAC a complaint[21] for collection of sum of money against Corella and Rapal, as Rapal was the mayor at the time the contract was signed and whose signature appeared thereon. The case was docketed as CIAC Case No. 19-2011.

In its complaint, Philkonstrak claimed, among others, that it had already undertaken more than 50% of the construction work for the completion of the project, which caused it to incur the amount of Php8,233,000.00, excluding other materials that were not yet installed as per the completion report.[22]

According to Philkonstrak, Tocmo refused to pay the obligation on behalf of Corella primarily because of his political differences with Rapal.[23] Philkonstrak averred that it had no knowledge of the underlying issues between the administrations of Tocmo and Rapal, and that it merely complied faithfully with the terms of the contract.[24]

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[16] Id.

[17] CA *rollo*, pp. 101-102.

[18] Id. at 103-104.

[19] Id. at 105.

[20] *Rollo*, p. 86.

[21] CA *rollo*, pp. 13-19.

[22] Id. at 13-16.

[23] Id. at 15.

[24] Id. at 16.

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Philkonstrak prayed for attorney's fees, legal interest, exemplary damages, arbitration fees, and other expenses.[25]

On August 1, 2011, Rapal filed his answer,[26] admitting the material allegations of the complaint and averring that he was authorized to enter into the contract with Philkonstrak for the rehabilitation/improvement of the waterworks system of Corella[27] in accordance with Municipal Ordinance No. 2010-02[28] or "An Ordinance Appropriating the Amount of Twenty-Seven Million Pesos (Php27,000,000.00) for the Purchase of the Following Heavy Equipment: One Unit Brand New Road Grader, One Unit Reconditioned Road Roller, and Rehabilitation/ Improvement on the Existing Waterworks System of the [Local Government Unit]."[29]

On August 19, 2011, Corella filed its answer,[30] denying the material allegations of the complaint. It asserted that the contract is not binding because Municipal Ordinance No. 2010-02 was in violation of Article 107(g) of the Implementing Rules and Regulations (IRR) of Republic Act No. (RA) 7160[31] otherwise known as the "Local Government Code of 1991."

Furthermore, Corella contended that Rapal was in bad faith since he knew that the municipal ordinance was defective and ineffective; thus, he was not legally authorized to enter into a contract with Philkonstrak for lack of a valid municipal ordinance.[32]

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[25] Id. at 17.

[26] Id. at 292-303.

[27] *Rollo*, p. 87.

[28] CA *rollo*, p. 263.

[29] Id.

[30] Id. at 260-262.

[31] Entitled "AN ACT PROVIDING FOR A LOCAL GOVERNMENT CODE OF 1991." Approved on October 10, 1991.

[32] *Rollo*, p. 88.

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Ruling of the Construction Industry Arbitration Commission:

On October 27, 2011, the CIAC issued a Decision[33] finding the contract between Philkonstrak and Corella to be valid. Thus, Corella, through its present mayor, Tocmo, breached the contract when he refused to honor the obligation. The CIAC ordered Corella to pay Philkonstrak the total amount of ₱12,844,650.00, which includes claims for unpaid billings, delivered but uninstalled materials, and accrued interest. The CIAC exonerated Rapal from any liability arising from the repudiation of the contract on the principle of *res inter alios acta*. The dispositive portion of the CIAC Decision reads:

> WHEREFORE, the Tribunal hereby decides and awards in full and final disposition of this arbitration, as follows:
>
> (a) Respondent Municipality of Corella, Bohol is hereby ordered to pay [Philkonstrak] its (i) claim in the amount of Php8,233,000.00, representing the value of work done and material supplied for the rehabilitation and improvement of the waterworks system of respondent Municipality and (ii) the claim in the amount of Php4,000,000.00 representing the value of materials needed for the rehabilitation and improvement of the waterworks system of Respondent Municipality which [Philkonstrak] had purchased and delivered but were not installed due to the repudiation of the Contract by Respondent Municipality of Corella.
>
> (b) Respondent Municipality of Corella is hereby ordered to pay [Philkonstrak] the amount of Php611,650.00 representing accrued legal interest; provided that if the principal amounts decreed in paragraph (a) above are not fully paid after the award shall have become final and executory, the said principal amounts shall earn interest at the legal rate of 12% per annum computed from the date this award shall become final and executory and until whole amount is fully paid.
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> (c) [Philkonstrak's] claims for attorney fees and exemplary damages are denied.

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[33] Id. at 62-84.

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(d) [Philkonstrak] shall pay two-third (2/3) and Respondent Municipality of Corella shall pay one-third (1/3) of the cost of arbitration which shall include the following:

	Total Arbitration Fee	**[Philkonstrak's] Share (75%)**	**[Municipality of Corella's] Share (25%)**
(i) Filing Fee	₱22,346.79	₱16,782.59	₱5,564.20
(ii) Administrative Fee	23,666.79	17,750.09	5,916.70
(iii) Arbitrators' Fees	287,118.82	215,339.12	71,779.70
(iv) Arbitration Dev't. Fund	17,844.65	13,383.49	4,461.16
	₱350,977.05	**₱263,255.29**	**₱87,721.76**

(e) All other requests for relief not granted or disposed of here are hereby denied.

Summary of Award

Nature of Claim	**Amount Claimed**	**Amount Awarded**
[Philkonstrak's] claim for unpaid billings for work done and material supplied	₱8,233,000.00	₱8,233,000.00
[Philkonstrak's] claim for material purchased and delivered but not installed	₱4,000,000.00	₱4,000,000.00
[Philkonstrak's] claim for accrued interest	₱611,650.00	₱611,650.00
[Philkonstrak's] claim for attorney's fees	₱2,500,000.00	none
[Philkonstrak's] claim for exemplary damages	₱2,500,000.00	none
Total	**₱17,844,650.00**	**₱12,844,650.00**

Further, [Municipality of Corella] shall reimburse the amount advanced by [Philkonstrak] in the amount of eighty-seven thousand seven hundred twenty-one pesos and 76/100 (₱87,721.76) representing one third of the total arbitration fees.[34]

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[34] Id. at 83-84.

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Aggrieved, Corella filed a motion for correction of final award[35] dated November 21, 2011, claiming that the award of ₱4,000,000.00 for the uninstalled materials should be deleted because it is inconsistent and contradictory to the *quantum meruit* principle applied by the CIAC.

On November 25, 2011, the CIAC issued an Order[36] which ruled that Corella's motion for correction of final award actually partook of a motion for reconsideration because it sought to change the CIAC ruling; that such motion for reconsideration of the substantive merits of the dispute is not allowed under the CIAC Revised Rules of Procedure Governing Construction Arbitration (CIAC Rules); and that the same is denied for lack of merit.[37]

On January 19, 2012, the CIAC issued another Order,[38] granting Philkonstrak's motion for execution of judgment and issuance of writ of execution[39] dated December 2, 2011. The CIAC held that its October 27, 2011 Decision had become final and executory.[40]

On December 26, 2011, Corella appealed[41] to the CA through a petition for review[42] under Rule 43 with prayer for the issuance of a temporary restraining order and/or preliminary injunction for stay of execution[43] the October 27, 2011 CIAC Decision.

Ruling of the Court of Appeals:

In its Decision[44] dated January 30, 2015, the CA dismissed Corella's petition for review, finding no cogent reason to reverse

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[35] CA *rollo*, pp. 345-346.

[36] Id. at 295-297.

[37] Id.

[38] *Rollo*, pp. 300-302.

[39] CA *rollo*, pp. 347-350.

[40] Id. at 349.

[41] Id. at 3-11.

[42] Id.

[43] Id.

[44] *Rollo*, pp. 85-96.

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and set aside the October 27, 2011 CIAC Decision ordering Corella to pay Philkonstrak the amount of ₱12,844,650.00. The dispositive portion of the CA Decision reads:

> WHEREFORE, the Petition is DISMISSED. The CIAC's Decision dated October 27, 2011 and its Order dated November 25, 2011 are AFFIRMED in toto.
>
> SO ORDERED.[45]

The CA denied Corella's motion for reconsideration in its Resolution[46] dated June 9, 2015, finding no new, valid, and justifiable ground or reason that would compel it to alter or reverse its ruling.

Thus, this petition for review on *certiorari*.[47]

Issues

Corella seeks relief in its petition for review on *certiorari* on the following questions of law, to wit:

> 1. Can a mayor enter into a contract with a corporation without prior authorization from the *sangguniang bayan* as required by [RA] 7160 and [RA] 9184?
>
> 2. Can a mayor enter into a contract with a corporation without the proper appropriation of public funds as required by the 1987 Constitution as reflected in Presidential Decree 1445 and Executive Order 292?
>
> 3. Will a [Department of Interior and Local Government] Circular prevail over the EN BANC Decision of the Supreme Court in *Quisumbing, et al. v. Garcia, et al.* docketed as G.R. No. 175527 dated December 8, 2008?
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> 4. Can a final and executory decision of a quasi-judicial agency (CIAC) still be subject to judicial review?[48]

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[45] Id. at 95.

[46] Id. at 101-102.

[47] Id. at 3-60.

[48] Id. at 3.

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Summarizing all four questions, the main issue in the case at bar is this: whether or not the CA is correct in affirming the Decision of the CIAC which found that the contract between Philkonstrak and Corella was valid, and which ordered Corella to pay Philkonstrak the amount of ₱12,844,650.00 for breach of the same.

Our Ruling

The petition is granted in part. The contract between Philkonstrak and Corella is not valid and binding. However, Corella is obliged to pay Philkonstrak on the basis of the principle of *quantum meruit*.

No separate *sangguniang bayan* authorization is necessary when the appropriation ordinance is sufficient in detail.

Corella, through Tocmo, alleged that then Mayor Rapal failed to secure proper authorization from the *sangguniang bayan* of Corella before entering into the contract with Philkonstrak,[49] citing the following laws and provisions as bases:

First, Section 22(c) of the Local Government Code and Article 107(g) of its Implementing Rules and Regulations (IRR), to wit:

SECTION 22. *Corporate Powers.*

x x x x

(c) Unless otherwise provided in this Code, no contract may be entered into by the local chief executive in behalf of the local government unit **without prior authorization by the sanggunian concerned**. A legible copy of such contract shall be posted at a conspicuous place in the provincial capitol or the city, municipal or barangay hall.

x x x x

ARTICLE 107. *Ordinances and Resolutions*. – The following rules shall govern the enactment of ordinances and resolutions:

x x x x

[49] Id. at 14.

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(g) No ordinance or resolution passed by the *sanggunian* in a regular or special session duly called for the purpose shall be valid unless approved by a majority of the members present, there being a quorum. **Any ordinance or resolution authorizing or directing the payment of money or creating liability, shall require the affirmative vote of a majority of all the *sanggunian* members for its passage**. (Emphasis supplied)

Second, RA 9184[50] or the "Government Procurement Reform Act," specifically the last paragraph of Section 37, to wit:

SECTION 37. *Notice and Execution of Award*. – x x x

x x x x

The Procuring Entity shall issue the Notice to Proceed to the winning bidder not later than seven (7) calendar days **from the date of the approval of the contract by the appropriate authority**. All notices called for by the terms of the contract shall be effective only at the time of receipt thereof by the contractor. (Emphasis supplied)

Tocmo asserts that before then Mayor Rapal entered into the contract on behalf of Corella with Philkonstrak, two requirements were necessary to be met:[51] (1) prior authorization from the *sangguniang bayan* of Corella, in accordance with Section 22(c) of the Local Government Code and Section 37 of the Government Procurement Act; and (2) the appropriation ordinance or resolution authorizing or directing the payment of money or creating a liability,[52] in accordance with Article 107(g) of the IRR of the Local Government Code.

Tocmo posits that the two documents or requirements are separate and distinct from each other.[53] As to the first requirement

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[50] Entitled "AN ACT PROVIDING FOR THE MODERNIZATION, STANDARDIZATION AND REGULATION OF THE PROCUREMENT ACTIVITIES OF THE GOVERNMENT AND FOR OTHER PURPOSES." Approved on January 10, 2003.

[51] *Rollo*, pp. 15-18.

[52] Id. at 18-25.

[53] Id. at 15-16.

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of prior authorization from the *sangguniang bayan*, Tocmo alleged that:

> 18. The contract merely describes the contracting parties as the "Municipality of Corella" and "Philkonstrak Development Corporation" and signed by Respondent Vito B. Rapal and Jesse J. Ang. Nowhere is there any showing that the contract contains the "prior authorization of the sanggunian concerned." **No ordinance authorizing respondent Rapal to enter into a contract was made an integral part of the contract. The contract besides being 149 pages long does not contain any prior authorization ordinance. Page two of the contract, which outlines the contract documents, does not include an ordinance authorizing respondent Rapal to enter into a contract with Philkonstrak**.[54] (Emphasis supplied)

The Court disagrees. It must be emphasized that such issue is not novel.

In the landmark case of *Quisumbing v. Garcia*[55] (*Quisumbing*) the Court delineated when a *sangguniang bayan* authorization is still necessary to accompany the appropriation ordinance and when it is not. Depending on the circumstances of the case, if the project is provided for in sufficient detail in the appropriation ordinance, meaning the transactions, bonds, contracts, documents, and other obligations the mayor would enter into in behalf of the municipality, among others, are enumerated, then no separate authorization is necessary. On the other hand, if the project is merely couched in general and generic terms, then a separate approval by the *sangguniang bayan* in accordance with the law is required.

The recent case of *Verceles, Jr. v. Commission on Audit*[56] (*Verceles*) citing *Quisumbing*, elaborated on this issue, thus:

> Explained simply, the [Local Government Code] requires the local chief executive to secure prior authorization from the *sanggunian* before he can enter into contracts on behalf of the LGU. A separate prior

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[54] Id.

[55] 593 Phil. 655-677 (2008).

[56] 794 Phil. 629-661 (2016).

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authorization is no longer required if the specific projects are covered by appropriations of the LGU. **The appropriation ordinance passed by the *sanggunian* is the local chief executive's authority to enter into a contract implementing the project.**

As required in *Quisumbing*, the local chief executive must inquire if the provisions in the appropriation ordinance specifically covers the expense to be incurred or the contract to be entered into.

If the project or program is identified in the appropriation ordinance in sufficient detail, then there is no more need to obtain a separate or additional authority from the *sanggunian*. In such case, the project and the cost are already identified and approved by the *sanggunian* through the appropriation ordinance. To require the local chief executive to secure another authorization for a project that has been specifically identified and approved by the *sanggunian* is antithetical to a responsive local government envisioned in the Constitution and in the [Local Government Code].[57] (Emphasis supplied)

As the *Verceles* case explained, "sufficient authority" in an appropriation ordinance simply means specifically and expressly setting aside an amount of money for a certain project or program.[58]

In the case at bar, the Court finds that there is no need for a separate authorization from the *sangguniang bayan* as the appropriation ordinance, Municipal Ordinance No. 2010-02, identified the project or program in sufficient detail, and not just in general or generic terms. The one-paged appropriation ordinance specifically and expressly set aside an amount of money, ₱27,000,000.00, for certain projects, including the purchase of specific heavy equipment and rehabilitation/improvement of the existing waterworks system of the municipality. Municipal Ordinance No. 2010-02, having sufficiently covered the project and the cost in detail, need not be accompanied by a prior *sangguniang bayan* authorization any longer.

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[57] Id. at 645-646.

[58] See id.

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An appropriation ordinance requires the affirmative vote of a majority of all the *sanggunian* members.

Article 107(g) of the IRR of the Local Government Code provides the general rule that no ordinance or resolution shall be passed by the *sanggunian* without prior approval of a majority of **all the members present**. The exception to the general rule is that for ordinances or resolutions authorizing or directing the payment of money or creating a liability, what is needed is the affirmative vote of a **majority of all the sanggunian members, whether present or not**. Simply, the quorum in the general rule depends on the number of the *sanggunian* members present while the quorum in the exception depends on the total number of sanggunian members voted into office.

In the case at bar, Corella asserts that Municipal Ordinance No. 2010-02, the appropriation ordinance in question, directs and authorizes the payment of money; thus, requires a majority vote of **all the members** of the *sangguniang bayan*, not only of the members present. Thus, since the *sangguniang bayan* of Corella is composed of a total of 11 members, the majority vote of six is required in order for municipal ordinance no. 2010-02 to be valid and binding. However, the municipal ordinance only obtained five affirmative votes, based on the quorum on the *sanggunian* members **present** at that time, which was eight members. Thus, Tocmo contends that Municipal Ordinance No. 2010-02 is null and void. Consequently, the contract between Corella and Philkonstrak is null and void too.

The CIAC and the CA ruled otherwise. Both tribunals noted that upon the disapproval[59] of Municipal Ordinance No. 2010-02 by the *sangguniang panlalawigan* of Bohol for not meeting the required majority number, then Mayor Rapal elevated the matter to the Department of the Interior and Local Government (DILG). The Regional Director of the DILG issued an Opinion,[60] the

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[59] CA *rollo*, pp. 595-599.

[60] Id. at 465-466.

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pertinent portion of which was cited by both the CIAC and CA in their Decisions, to wit:

> Hence, **for all intents and purposes, the legislative process has been completed, and that the subject ordinance [Municipal Ordinance No. 2010-02] is now accorded with the presumption of validity**. Moreover, it might interest you to know that DILG Central Office had the occasion to opine, under DILG Opinion No. 103, S. 2001 dated December 18, 2001, that the **Local Government Code of 1991 does not expressly prescribe for a specific voting requirement for the passage of an appropriation ordinance. Hence, the general rule on the passage of an ordinance should be made to apply**. The pertinent provision on the matter is Article 107 (g) of the Rules and Regulations Implementing R.A. 7160 x x x.[61] (Emphasis supplied)

Both the CIAC and the CA applied the opinion of the Regional Director of the DILG to their Decisions, noting that Tocmo, the present Mayor, did not take any steps to question the validity of the Opinion, thus, it had become final and binding on the concerned parties.

The Court disagrees with the CIAC and the CA.

The long-standing principle of contemporaneous construction is applicable in the case at bar. The Court has repeatedly stressed that the principle of contemporaneous construction of a statute by the executive officers of the government, whose duty is to execute it, is entitled to great respect, and should ordinarily control.[62] However, the exception is that the construction may be disregarded by competent authorities or judicial courts when it is clearly erroneous, when strong reason to the contrary exists, or when the court has previously given the statute a different interpretation.[63]

In this case, the DILG Opinion was given as a contemporaneous administrative construction of the term "appropriation ordinance"

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[61] *Rollo*, pp. 68-69 and 94-95.

[62] *Philippine Duplicators, Inc. v. National Labor Relations Commission and Philippine Duplicators Employees Union-Tupas*, 298 Phil. 552, 562 (1993).

[63] See *Adasa v. Abalos*, 545 Phil. 168 (2007).

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and "that the Local Government Code does not expressly prescribe for a specific voting requirement for the passage of the same."[64] However, the Court finds the construction of the DILG clearly erroneous.

The term "appropriation," as defined under Section 306, Title V of the Local Government Code "refers to an authorization made by **ordinance, directing the payment of goods and services** from local government funds under specified conditions or for specific purposes."

Juxtaposing this definition with the exception in Article 107(g) of the IRR of the Local Government Code, that "**any ordinance** x x x **authorizing or directing the payment of money** x x x, shall require the affirmative vote of a majority of all the *sanggunian* members," it is express and clear that an "appropriation ordinance" is one such ordinance contemplated in the exception.

The definition of the term "appropriation" in the Local Government Code is clear: [i]t is an authorization made by an ordinance that directs the payment of money. The exception to the general rule of the prescribed voting requirement in the IRR of the Local Government Code is clear: an ordinance that directs or authorizes the payment of money needs a quorum of all the *sanggunian* members, not only of those *sanggunian* members present.

The Court, thus, holds that the DILG Opinion is erroneous, and the CIAC and CA wrongfully applied the same to their Decisions.

The CIAC Decision is not anymore subject to judicial review.

The CIAC and the CA both ruled that the October 27, 2011 CIAC Decision had already become final and executory on the ground that Corella's motion for correction of final award, which was actually a motion for reconsideration, was a prohibited

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[64] *Rollo*, pp. 68-69.

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pleading under Section 17.2[65] of the CIAC Rules, thus, did not stop the running of the reglementary period for appeal. The CA ruled that:

> Since the motion for correction did not fall under any of the grounds provided by the CIAC's Rules, it is considered a motion for reconsideration and a prohibited pleading. It did not interrupt the running of the fifteen (15) days period for petitioner to file its petition to this Court. Consequently, after the lapse of the fifteen (15) days from November 10, 2011 or on November 25, 2011, the CIAC's decision has already become final and executory because petitioner failed to file its petition for review within the period provided by law. The CIAC was correct to issue on January 19, 2012 an Order, declaring that the Final Award has become final and executory.
>
> Settled is the rule that a judgment that has become final and executory is immutable and unalterable. **The judgment may no longer be modified in any respect, even if the modification is meant to correct what is perceived to be an erroneous conclusion of fact or law, and regardless of whether the modification is attempted to be made by the court rendering it or by the highest court of the land**. While there are recognized exceptions – e.g., the correction of clerical errors, the so-called *nunc pro tunc* entries which cause no prejudice to any party, void judgments, and whenever circumstances transpire after the finality of the decision rendering its execution unjust and inequitable — none of these exceptions apply to the present case.[66] (Emphasis supplied)

The Court agrees. As aptly pointed out by Senior Associate Justice Estela M. Perlas-Bernabe during the deliberations of this case, a CIAC Final Award, equivalent to a trial court final decision as opposed to a partial award or decision, is still susceptible to judicial review. However, when availing of judicial reliefs against a CIAC Final Award, one must still abide by the procedural framework set therefor, such as the periods of appeal and prohibited motions. If the said party fails to comply, he or she is equally bound by the finality of judgment principle.

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[65] Section 17.2 reads:
SECTION 17.2. *Motion for Reconsideration or New Trial*. – A motion for reconsideration or new trial shall be considered a prohibited pleading.

[66] *Rollo*, p. 93.

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The recent case of *Department of Labor and Employment v. Kentex Manufacturing Corporation*,[67] citing *Mocorro, Jr. v. Ramirez*,[68] explains the primacy of the finality of judgment principle, to wit:

> A definitive final judgment, however erroneous, is no longer subject to change or revision.
>
> A decision that has acquired finality becomes immutable and unalterable. This quality of immutability precludes the modification of a final judgment, even if the modification is meant to correct erroneous conclusions of fact and law. And this postulate holds true whether the modification is made by the court that rendered it or by the highest court in the land. The orderly administration of justice requires that, at the risk of occasional errors, the judgments/resolutions of a court must reach a point of finality set by the law. The noble purpose is to write *finis* to dispute once and for all. This is a fundamental principle in our justice system, without which there would be no end to litigations. Utmost respect and adherence to this principle must always be maintained by those who exercise the power of adjudication. Any act, which violates such principle, must immediately be struck down. Indeed, the principle of conclusiveness of prior adjudication is not confined in its operation to the judgments of what are ordinarily known as courts, but extends to all bodies upon which judicial powers had been conferred.[69]

The CA nor this Court may not anymore step in to modify or correct a quasi-judicial agency's decision that has already been deemed final and executory. If this were so, then there would be no end to litigation stemming from the CIAC, which is against the expeditious nature of such proceedings and hence, against the public policy underlying arbitration.

Here, records show that the CIAC Decision rendered in favor of Philkonstrak had already attained finality since Corella's Motion for Correction of Final Award did not toll the period to appeal given that it did not raise the accepted grounds stated in Section

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[67] G.R. No. 233781, July 8, 2019.

[68] 582 Phil. 357, 366-367 (2008).

[69] *Department of Labor and Employment v. Kentex Manufacturing Corporation*, supra.

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17.1 of the CIAC Rules therefor. The Motion for Correction only questioned the final award based on the *quantum meruit* principle, and thus, was properly considered by the CIAC as a motion for reconsideration, a prohibited pleading.

Under the CIAC Rules, a party aggrieved by a final award may contest the same by filing either a motion for correction or a petition for review under Rule 43 of the Rules of Court, both within fifteen (15) days from receipt thereof.[70] However, if a motion for correction is filed and said motion is not based on the exclusive grounds enumerated under Section 17.1, such filing will not interrupt the running of the period to appeal.[71] Consequently, if the period to appeal has lapsed, a final arbitral award shall be considered as executory.[72] The pertinent provisions of the CIAC Rules read:

RULE 17
Post-Award Proceedings

SECTION 17.1. Motion for Correction of Final Award. – Any of the parties may file a motion for correction of the Final Award within fifteen (15) days from receipt thereof upon any of the following grounds:

a. an evident miscalculation of figures, a typographical or arithmetical error;
b. an evident mistake in the description of any party, person, date, amount, thing or property referred to in the award;
c. where the arbitrators have awarded upon a matter not submitted to them, not affecting the merits of the decision upon the matter submitted;
d. where the arbitrators have failed or omitted to resolve certain issue/s formulated by the parties in the Terms of Reference (TOR) and submitted to them for resolution; and
e. where the award is imperfect in a matter of form not affecting the merits of the controversy.

x x x x

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[70] Sec. 18.2.

[71] Sec. 17.1.2.

[72] Sec. 18.1.

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17.1.2 A motion for correction upon grounds other than those mentioned in this section shall not interrupt the running of the period for appeal.

x x x x

RULE 18
Execution of Final Award

SECTION 18.1. Execution of Award. – A final arbitral award shall become executory upon the lapse of fifteen (15) days from receipt thereof by the parties.

SECTION 18.2. Petition for Review. – A petition for review from a final award may be taken by any of the parties within fifteen (15) days from receipt thereof in accordance with the provisions of Rule 43 of the Rules of Court.

x x x x

SECTION 18.5 Execution/Enforcement of Awards. – As soon as a decision, order or final award has become executory, the Arbitral Tribunal (or the surviving remaining member/s), shall, *motu proprio* or on motion of the prevailing party issue a writ of execution requiring any sheriff or proper officer to execute said decision, order or final award. If there are no remaining/surviving appointed arbitrator/s, the Commission shall issue the writ prayed for.

x x x x

Since Corella's Motion was not based on any of the enumerated grounds under Section 17.2, the fifteen (15)-day period to file a petition for review before the CA was not suspended. As Corella received the CIAC Decision on November 10, 2011,[73] it had until November 25, 2011 to file its petition for review. Thus, when Corella filed its Rule 43 petition before the CA on December 26, 2011, the same was already filed out of time and hence, executory and immutable.

Notably, a decision that has acquired finality becomes immutable and unalterable, and may no longer be modified in any respect, even if the modification is meant to correct erroneous conclusions of fact and law, whether it be made by the court that

[73] *Rollo*, p. 93.

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rendered it or by the Highest Court of the land.[74] This principle of conclusiveness of prior adjudications is not confined in its operation to the judgments of courts, but extends as well to those of all other tribunals exercising adjudicatory powers.[75] While this principle recognizes certain exceptions as enumerated in the CA Decision above, none are present in this case.

Thus, considering that the CIAC Decision had already attained finality, the CIAC Decision, as affirmed by the CA, should not be disturbed.

The principle of *quantum meruit* is applicable in this case.

Quantum meruit literally means "as much as he deserves."[76] This legal principle, a principle predicated on equity, states that a person may recover a reasonable value of the thing he delivered or the service he rendered. It is a device to prevent undue enrichment based on the equitable postulate that it is unjust for a person to retain a benefit without paying for it.[77]

The Court has held in the past that recovery on the basis of *quantum meruit* is allowed **despite the invalidity** or absence of a written contract between a contractor and a government agency. **The absence or invalidity of required documents would not necessarily preclude the contractor from receiving payment for the services he or she has rendered for the government.**[78]

Thus, in the case at bar, despite the invalidity of Municipal Ordinance No. 2010-02, which in turn rendered the contract between Corella and Philkonstrak, invalid, the latter is still entitled to receive payment for the services it rendered for the

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[74] *Aguinaldo IV v. People*, G.R. No. 226615, January 13, 2021, citing *Uy v. Del Castillo*, 814 Phil. 61, 74-75 (2017).

[75] See *Taisei Shimuzu Joint Venture v. Commission on Audit*, G.R. No. 238671, June 2, 2020, citing *Argel v. Singson*, 757 Phil. 228, 236-237 (2015).

[76] *Geronimo v. Commission on Audit*, G.R. No. 224163, December 4, 2018.

[77] Id.

[78] Id.

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local government of Corella. Corella cannot be unjustly enriched and allowed to retain the benefits of the services rendered by Philkonstrak without properly paying for it.

Philkonstrak sufficiently established its right to be compensated on the basis of *quantum meruit*. As gleaned from the records of the case, the Court finds that Philkonstrak entered into the contract in good faith and for the good interest of Corella, notwithstanding the allegation of Corella that Philkonstrak "conspired, if not, even was the brains behind all these irregularities"[79] with then Mayor Rapal "in an effort to do away with public policy."[80] However, such allegation was not proven to be true by either the CIAC or the CA.

To deny Philkonstrak compensation for more than 50% of the services it already rendered, services which clearly benefited Corella, would be the height of injustice, which cannot be countenanced by this Court. This is especially true since the use of the road grader, the reconditioned road roller, and the rehabilitation/improvement on the existing waterworks system benefited the government and people of Corella. It is but just that Philkonstrak be compensated for the services it rendered.

WHEREFORE, the petition is **GRANTED IN PART**. The Contract Agreement between the Municipality of Corella and Philkonstrak Development Corporation is declared **NULL** and **VOID**. The January 30, 2015 Decision and June 9, 2015 Resolution of the Court of Appeals in CA-G.R. SP No. 06516 are **REVERSED** and **SET ASIDE**. Based on the principle of *quantum meruit*, the Court hereby renders judgment as follows:

(a) The Municipality of Corella is hereby ordered to pay Philkonstrak Development Corporation:

(i) The amount of ₱8,233,000.00, representing the value of work done and materials supplied for the rehabilitation and improvement of the waterworks system of the Municipality of Corella;

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[79] *Rollo*, p. 39.

[80] Id.

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(ii) The amount of ₱4,000,000.00 representing the value of materials needed for the rehabilitation and improvement of the waterworks system of the Municipality of Corella which Philkonstrak Development Corporation had purchased and delivered but were not installed due to the repudiation of the Contract Agreement by the Municipality of Corella.

(b) The Municipality of Corella is hereby ordered to pay Philkonstrak accrued legal interest from the time the CIAC Decision became final on October 27, 2011, at the rate of 12% per *annum*, until June 30, 2013. From July 1, 2013 until full payment of the amount is made, the accrued legal interest shall be 6% per *annum*.[81] The total of the foregoing amount shall earn interest at the rate of six percent (6%) per *annum* from finality of the Decision until full payment.

(c) Philkonstrak Development Corporation shall pay two-thirds (2/3), and the Municipality of Corella shall pay one-third (1/3), of the cost of arbitration, in accordance with the Terms of Reference[82] agreed upon by the parties which provides that:

> [The] cost of arbitration which includes the filing, administrative, arbitrators' fees and charges for Arbitration Development Fund, including all incidental expenses, shall be on *pro rata* basis (or other modes of sharing), subject to the determination of the Arbitral Tribunal which of the parties shall eventually shoulder such cost or the mode of sharing thereof.[83]

The mode of sharing as determined by the Construction Industry Arbitration Commission is affirmed by this Court, which is as follows:

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[81] *Nacar v. Gallery Frames*, 716 Phil. 267, 282-283 (2013).

[82] *Rollo*, p. 82.

[83] Id.

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	Total Arbitration Fee	Philkonstrak's Share (75%)	Municipality of Corella's Share (25%)
(i) Filing Fee	₱22,346.79	₱16,782.59	₱5,564.20
(ii) Administrative Fee	23,666.79	17,750.09	5,916.70
(iii) Arbitrators' Fees	287,118.82	215,339.12	71,779.70
(iv) Arbitration Dev't. Fund	17,844.65	13,383.49	4,461.16
	₱350,977.05	**₱263,255.29**	**₱87,721.76**

Thus, the Municipality of Corella shall reimburse the amount advanced by Philkonstrak Development Corporation in the amount of ₱87,721.76, representing one-third of the total arbitration fees.

SO ORDERED.

Perlas-Bernabe, S.A.J. (Chairperson), Zalameda, Rosario, and *Marquez, JJ.*, concur.

APPEARANCES OF COUNSEL

Arabejo & Mar Law Firm for petitioner.

Jumao-as Cuadra-Robinta Birondo & Associates Law Office for respondent Philkonstrak.