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FIRST DIVISION

[G.R. No. 237729. October 14, 2020]

SOCIAL HOUSING EMPLOYEES ASSOCIATION, INC. represented by its President Will O. Peran, *Petitioner, v.* **SOCIAL HOUSING FINANCE CORPORATION,** *Respondent.*

SYLLABUS

1. POLITICAL LAW; ADMINISTRATIVE LAW; EXHAUSTION OF ADMINISTRATIVE REMEDIES; A LITIGANT MAY IMMEDIATELY RESORT TO JUDICIAL ACTION WHEN THE QUESTION RAISED IS PURELY LEGAL.— [T]he doctrine of exhaustion of administrative remedies is not absolute and a litigant may immediately resort to judicial action when the question raised is purely legal. In this case, there is no issue of fact involved and the controversy centers on whether SHFC lacks authority to negotiate on the economic provisions of the CBA in view of the prohibitions under EO No. 7 and RA No. 10149. Undoubtedly, the issue is a pure question of law. The Court need only to look at the applicable rule to determine whether the adjusted benefits and bonuses may be implemented.

2. LABOR AND SOCIAL LEGISLATION; LABOR RELATIONS; VOLUNTARY ARBITRATION; APPEALS; PERIOD WITHIN WHICH TO FILE A MOTION FOR RECONSIDERATION; REGLEMENTARY PERIOD TO APPEAL DECISIONS OR AWARDS OF THE VOLUNTARY ARBITRATORS.— [W]e clarified that the 10-day period in Article 276 should be understood as the time within which the adverse party may move for a reconsideration from the decision or award of the voluntary arbitrators. Thereafter, the aggrieved party may appeal to the CA within 15 days from notice pursuant to Rule 43 of the Rules of Court. Here, SHFC received on June 11, 2015 a copy of the PVA's Decision and has 15 days or until June 26, 2015 within which to perfect an appeal. On June 25, 2015, SHFC filed a petition for review with the CA or 14 days after notice of the Decision which is well within the prescribed period.

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3. ID.; ID.; COLLECTIVE BARGAINING AGREEMENT (CBA); THE ECONOMIC TERMS OF CBAs OF GOCCs CANNOT BE SUSTAINED IN VIEW OF THE MORATORIUM IN THE INCREASE OF SALARIES AND OTHER BENEFITS IN THE GOCCs AND THE ABSENCE OF PRIOR APPROVAL BY THE PRESIDENT.— [W]e stress that the SOHEAI and SHFC may establish in their CBAs such terms and conditions that are not contrary to law. Notably, there are existing and subsequent laws prohibiting GOCCs like SHFC from negotiating the CBAs' economic provisions. In 1978, the grant of allowances and other benefits to GOCCs must have the approval of the President upon the recommendation of the Budget Commissioner. In 2009, the Senate and House of Representatives Joint Resolution No. 4 authorized the President to approve policies and levels of allowances and benefits. In 2010, EO No. 7 provides a moratorium on increases in salaries, allowances, incentives and other benefits in the GOCCs. In 2011, RA No. 10149 created the Governance Commission for GOCCs and mandated it to develop a compensation and position classification system subject to the approval of the President. In 2016, EO No. 203 expressly disallowed the governing boards of GOCCs, whether chartered or non-chartered, to negotiate the economic terms of their CBAs.

As the CA aptly observed, EO No. 7 and RA No. 10149 are already effective before the negotiation and execution of the 2011 and 2013 CBAs between SOHEAI and SHFC. To be sure, the Governance Commission did not approve the economic terms of the CBAs and informed SHFC that it cannot implement the new benefits and increases. On this score, we stress that GOCCs officials and employees are not entitled to benefits and increases without the approval of the President or the Governance Commission.

4. ID.; ID.; ID.; MONETARY BENEFITS OF GOVERNMENT OFFICIALS AND EMPLOYEES MUST BE ANCHORED IN A LAW.— SOHEAI is not entitled to SONA bonus. A law must authorize the benefit before it may be granted to government officials or employees. Yet, the SONA bonus was given merely as a gratuity. It is not expressly or impliedly anchored in any law. The bonus is not even mentioned in the 2011 and 2013 CBAs. It is neither made part of the wage, salary or compensation

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of the employee, nor promised by the employer and expressly agreed upon by the parties.

5. POLITICAL LAW; CONSTITUTIONAL LAW; PUBLIC FUNDS; ALL GOVERNMENT FUNDS ARE NOT SUBJECT TO GARNISHMENT OR LEVY IN THE ABSENCE OF A CORRESPONDING APPROPRIATION.— The rule is and has always been that all government funds are not subject to garnishment or levy, in the absence of a corresponding appropriation as required by law. It is based on obvious considerations of public policy that the functions and services rendered by the State cannot be allowed to be paralyzed or disrupted by the diversion of public funds from their legitimate and specific objects, as appropriated by law.

6. ID.; ID.; COMMISSION ON AUDIT (COA); ALL MONEY CLAIMS AGAINST THE GOVERNMENT MUST FIRST BE FILED WITH, AND APPROVED BY, THE COA.— [T]he Commission on Audit (COA) must first approve SOHEAI's money claims even after the issuance of a writ of execution. Apropos is Section 26 of Presidential Decree No. 1445 which vested COA the authority to examine, audit, and settle all debts and claims of any sort due from or owing to the Government, or any of its subdivisions, agencies, or instrumentalities, including all GOCCs[.]

. . .

Verily, all money claims against the Government must first be filed with the COA which must act upon it within 60 days. The rejection of the claim will authorize the claimant to elevate the matter to the Supreme Court on *certiorari* and, in effect, sue the State. Otherwise, the claim is premature and must fail.

APPEARANCES OF COUNSEL

Yuvienco Quizon Olalia & Associates for petitioner.
Office of the Government Corporate Counsel for respondent.

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RESOLUTION

LOPEZ, *J.*:

The parties in a collective bargaining agreement may establish such stipulations, clauses, terms and conditions as they may deem convenient provided these are not contrary to law, morals, good customs, public order, or public policy.[1]

This resolves the Petition for Review on *Certiorari* under Rule 45 of the Rules of Court assailing the Court of Appeals' (CA) Decision[2] dated July 21, 2017 in CA-G.R. SP No. 140975.

ANTECEDENTS

On December 24, 2008, Social Housing Finance Corporation (SHFC), a government-owned and controlled corporation, and Social Housing Employees Association, Inc. (SOHEAI), the legitimate labor organization of its rank-and-file employees, entered into a collective bargaining agreement (CBA).[3] On December 22, 2011,[4] the parties renegotiated the economic provisions of the agreement and adjusted several benefits, to wit:

Pertinent CBA Article	New Benefits and Increases
1. Emergency leave (Article X, Section 4.c)	Increase number of leaves from 3 days to 5 days a year.
2. Insurance and Health Benefits	Provide Insurance Coverage for accident or injury, including going-to and coming-to work.

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[1] *Hongkong Bank Independent Labor Union (HBILU) Hongkong and Shanghai Banking Corp. Limited*, 826 Phil. 816, 838 (2018).

[2] *Rollo*, pp. 56-85; penned by Associate Justice Elihu A. Ybañez, with the concurrence of Associate Justices Magdangal M. De Leon and Carmelita Salandanan Manahan.

[3] *Id.* at 6.

[4] *Id.* at 90-103.

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3. Transportation Allowance (Article X, Section 10)	Increase from ₱300 per month to ₱500 per month.
4. Funeral/Bereavement Assistance (Article XI, Section 2)	Increase from ₱10,000 to ₱20,000.00 to match funeral grant given by SSS.
5. Children's Allowance (Article X, Section 15)	Increase from ₱30/child to ₱100/child a month.
6. Employee Activities Subsidy (Article XI, Section 4)	Increase from ₱877/employee to ₱1,200/employee per year.
7. Provident Fund (Article X, Section 3)	Increase corporate share in the Provident Fund from 15% to 25%.
8. Anniversary Bonus	A new provision-provide for an anniversary bonus of ₱3,000.00 consistent with Administrative Order 263, series of 1996.[5]

On January 17, 2012, the Governance Commission for government-owned or controlled corporations (GOCCs) (The Commission) informed SHFC that it has no authority to negotiate new increases and benefits.[6] The Commission explained that Executive Order (EO) No. 7 dated September 8, 2010 provides a moratorium on increases in salaries, allowances, incentives and other benefits in the GOCCs. Moreover, Republic Act (RA) No. 10149,[7] approved on June 6, 2011 authorizes the Commission to develop a compensation and position classification system which shall apply to all officers and employees of the GOCCs whether under the Salary Standardization Law or exempt therefrom, subject to the approval of the President.

Accordingly, SHFC revoked the new benefits and increases effective immediately.[8] Aggrieved, SOHEAI requested for a

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[5] *Id.* at 6-7.

[6] *Id.* at 111-115.

[7] GOCC Governance Act of 2011.

[8] *Rollo*, p. 110.

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reconsideration and argued that the revocation violated the policy on non-diminution of benefits.[9] SOHEAI likewise alleged that the grant of annual State of the Nation Address (SONA) bonus in the amount of ₱50,000.00 *per* employee ripened into a regular benefit. However, SHFC denied the request.[10] After the unsuccessful grievance mechanism, SOHEAI requested for preventive mediation with the National Conciliation and Mediation Board.[11] Meantime on December 3, 2013, the parties entered into a new CBA.[12]

Upon failure of mediation, SOHEAI submitted the controversy to the Panel of Voluntary Arbitrators (PVA).[13] SHFC, however, claimed that the PVA has no jurisdiction to settle the issues on the adjustments of the CBA's economic provisions and on whether the SONA bonus has ripened into a regular benefit. Furthermore, SHFC cannot implement the new benefits and increases based on EO No. 7 and RA No. 10149.

On May 12, 2015, the PVA ruled in favor of SOHEAI and ordered SHFC to comply with the collective bargaining agreements. Also, it found that the SONA bonus ripened into a regular benefit,[14] thus:

WHEREFORE, IN VIEW OF THE FOREGOING, judgment is hereby rendered:

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[9] *Id.* at 116-117.

[10] *Id.* at 118.

[11] *Id.* at 9.

[12] *Id.* at 126-138.

[13] *Id.* at 447-449. The following issues were submitted: (1) whether or not the Voluntary Arbitrators have jurisdiction to settle the issues involved considering the rulings made by the Governance [Commission] for GOCC's (GCG); (2) whether or not the complainants are entitled to the benefits claimed despite the prohibition made by the GCG; (3) whether or not the adjustment in the economic provisions as stated in the CBA of 2011 & 2013 may be implemented; and (4) whether or not the SONA bonus has ripened into a regular benefit in favor of the employees. *Id.* at 449.

[14] *Id.* at 204-230.

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1. Ordering SHFC to strictly comply with the terms and conditions of the CBA dated December 22, 2011 and December 3, 2013 by granting unto the members of the SOHEAI the new benefits and increases as provided therein.

2. Declaring the SONA Bonus as having ripened into a regular benefit in favor of SHFC employees.

3. Ordering the SHFC to grant the unpaid SONA bonus from 2011 until the same is finally paid in favor of SHFC employees.

SO ORDERED. [15]

On June 11, 2015, SHFC received a copy of the Decision. On June 25, 2015, SHFC elevated the case to the CA through a Petition for Review[16] under Rule 43 of the Rules of Court. SHFC maintained that the PVA has no jurisdiction over the case and reiterated that it has no other recourse but to follow the Governance Commission's directive. In addition, the SONA bonus is not among the benefits authorized by law. Meanwhile, SOHEAI moved for the issuance of a writ of execution.[17] On August 26, 2015, the PVA granted the motion and directed the garnishment of SHFC's funds.[18]

On July 21, 2017, the CA annulled the PVA's ruling for lack jurisdiction. The CA noted that there have been laws already effective which provide that the approval of the President must first be obtained for the establishment of the compensation, allowances, and benefit systems in all GOCCs. Specifically, the new and increased benefits are contrary to EO No. 7 and RA No. 10149. Moreover, the SONA bonus is a mere gratuity and not a demandable obligation. As such, no writ of execution or garnishment should have been issued,[19] *viz.*:

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[15] *Id.* at 230.

[16] *Id.* at 231-256.

[17] *Id.* at 258-261.

[18] *Id.* at 308-311.

[19] *Id.* at 56-84.

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There is merit in the petition. **The PVA has no jurisdiction over the present case**.

x x x x

In essence, SOHEAI is questioning the policy formulated and sought to be implemented by the GCG when it prohibited petitioner from abiding by the economic provisions of the 22 December 2011 and 3 December 2013 CBAs concerning the implementation of new benefits and increases, having for its bases Section 9 of EO 7 and RA 10149. x x x.

It must be realized that the enactment on 6 June 2011 of RA 10149 or the "GOCC Governance Act of 2011" amended the provisions in the charters of GOCCs and Government Financial Institutions (GFIs) empowering their Board of Directors/Trustees to determine their own compensation system in favor of the grant of authority to the President of the Philippines to perform this act. **In other words, with the enactment of RA 10149, the President is now authorized to fix the compensation framework of GOCCs.** x x x.

x x x x

x x x This means that the President can now issue an EO containing these same provisions without any legal constraints. **It is pertinent to say, at this point, that considering the terms of RA 10149, the Governing Boards and Managements of all GOCCs are without authority to enter into negotiations for the economic provisions of CBAs**.

That the subject CBAs, as pointed out by the PVA, are mere offshoots of the first CBA executed on 24 December 2008, "or long before the existence of the GCG," is of no significance. For, as early as when Presidential Decree (PD) No. 1597 was issued on 11 June 1978, agencies positions, or groups of officials and employees of the national government, including all GOCCs, were already instructed to observe such guidelines and policies as may be issued by the President governing position classification, salary rates, levels of allowances, project and other honoraria, overtime rates, and other forms of compensation and fringe benefits. The authority to approve the grant of allowances and other benefits is vested in the President.

Subsequently, and before the subject CBAs were executed on 22 December 2011 and 3 December 2013, the Senate and House of Representatives Joint Resolution (JR) No. 4 (Series of 2009), otherwise known as the "Salary Standardization Law III," authorized the President to "approve policies and levels of allowances and benefits." x x x.

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x x x x

Indeed, there have been laws already effective, even before the enactment of RA 10149, which provide that the approval of the President must first be obtained for the establishment of the compensation, allowances, and benefit systems in all GOCCs. Even RA 10149 itself was enacted prior to the execution of the subject CBAs. It is in this vein that We cannot subscribe to the PVA's view that it has jurisdiction over this suit; especially so with regard to the grant of the SONA bonus. Whether the SONA bonus, which is not even a part of the economic provisions of the CBAs, should be granted to SOHEAI members is clearly outside the jurisdiction of the PVA.

Withal, with the issuance of EO 7 on 8 September 2010, the board of directors/trustees and officers of GOCCs were precluded from increasing the salary rates of, and granting additional benefits to, their employees. x x x.

x x x x

The texts of the legal provisions are clear: that EO 7 extends to all GOCCs regardless of the manner of their creation. The EO does not distinguish between GOCCs created under a special law and those created under the Corporation Code. Where the law does not distinguish, the courts should not distinguish. There should be no distinction in the application of a statute where none is indicated. Where the law does not make any exception, the courts may not exempt something therefrom, unless there is compelling reason to the contrary. Petitioner SHFC is thus covered by EO 7, particularly by its provision on the moratorium on increases in salary rates, and the grant of new increases in the rates of allowances, incentives, and other benefits to members of the board of directors/ trustees, officers, and rank-and-file employees of the GOCCs.

Moreover, on 21 December 2011, or a day before the signing of the CBA on 22 December 2011, petitioner issued Board Resolution No. 274 approving the new CBA, but subject to, the approval of the GCG. x x x.

x x x x

Since this approval of the GCG was not secured, the CBA never became effective including the new benefits under it. Given the foregoing, SOHEAI cannot now insist on the implementation of the new and increased benefits.

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x x x x

Verily, RA 10149 declares the policy of the State to ensure, among other things, that reasonable, justifiable, and appropriate remuneration schemes are adopted for the directors/trustees, officers, and employees of GOCCs and their subsidiaries to prevent or deter the granting of unconscionable and excessive remuneration packages. Section 9 of the law unequivocally states that, any law to the contrary notwithstanding, no GOCC shall be exempt from the coverage of the CPCS.

It may not be amiss to add, at this juncture, that on 22 March 2016, President Aquino issued EO 203 approving the CPCS and the Index of Occupational Services (IOS) Framework for the GOCC Sector that was developed by the GCG. **The EO provides, inter alia, that while recognizing the constitutional right of workers to self-organization, collective bargaining and negotiations, the Governing Boards of all GOCCs, whether chartered or non-chartered, may not negotiate with their officers and employees the economic terms of their CBAs**.

Furthermore, We do not agree with the PVA that the SONA bonus has already ripened into a regular benefit. Generally, employees have a vested right over existing benefits voluntarily granted to them by their employer. Thus, any benefit and supplement being enjoyed by the employees cannot be reduced, diminished, discontinued or eliminated by the employer. However, there must be an indubitable showing that the employer agreed to continue giving the benefit knowing fully well that the employees are not covered by any provision of the law or agreement requiring payment thereof.

x x x x

x x x the SONA bonus is not among those authorized by law to be granted to employees of GOCCs. Thus, with the enactment of EO 7, the grant of the SONA bonus from year 2011 can no longer be allowed. After all, a bonus is a mere gratuity or act of liberality of the giver. It is not a demandable and enforceable obligation.

We cannot give Our imprimatur to the PVA's holding that the subject CBAs are "already perfected and enforceable contracts," and as such, petitioner cannot be allowed to renege on their implementation. **It suffices to say that parties to a contract may establish such stipulations, clauses, terms, and conditions as they may deem**

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convenient, provided they are not contrary to law, morals, good customs, public order or public policy. True, petitioner and SOHEAI may enter into a contract, but, it should not be contrary to EO 7 and RA 10149.

All things considered, We hold that no writ of execution or garnishment should have been issued in favor of SOHEAI. x x x.

x x x x

FOR THESE REASONS, the petition for review is GRANTED. The Decision, dated 12 May 2015 of the Office of the Panel of Voluntary Arbitrators and its Order dated 28 October 2015, for the garnishment of the funds of the Social Housing Finance Corporation are hereby ANNULLED.

The Court ORDERS the Social Housing Employees Association, Inc. to redeposit the amount of ₱70,228,467.79 to the depository bank of petitioner within ten (10) days from receipt of this Decision.

SO ORDERED.[20] (Emphases supplied; citations omitted.)

SOHEAI sought reconsideration[21] but was denied.[22] Hence, this recourse. SOHEAI insists that the CA should have dismissed outright the SHFC's appeal. SHFC failed to exhaust the administrative remedies when it did not avail of a motion for reconsideration before the PVA. Worse, the appeal was filed beyond the reglementary period since decisions of voluntary arbitrators shall be final and executory after 10 calendar days from notice. Also, SOHEAI avers that the PVA has jurisdiction over the CBA interpretation and implementation. The new benefits and increases must be given because SHFC negotiated on them despite knowledge of the moratorium. Likewise, the SONA bonus have been granted to employees since 2007. Lastly, the writ of execution is proper since SHFC's funds are not exempt from garnishment.[23]

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[20] *Id.* at 71-84.

[21] *Id.* at 405-446.

[22] *Id.* at 87-88.

[23] *Id.* at 3-49.

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RULING

The petition is unmeritorious.

On procedural matters, the CA did not err in giving due course to SHFC's appeal from the PVA's Decision. Foremost, the doctrine of exhaustion of administrative remedies is not absolute and a litigant may immediately resort to judicial action when the question raised is purely legal.[24] In this case, there is no issue of fact involved and the controversy centers on whether SHFC lacks authority to negotiate on the economic provisions of the CBA in view of the prohibitions under EO No. 7 and RA No. 10149. Undoubtedly, the issue is a pure question of law. The Court need only to look at the applicable rule to determine whether the adjusted benefits and bonuses may be implemented.

Similarly, the appeal was timely filed. Under the Labor Code, the award or decision of PVA shall be final and executory after 10 calendar days from notice.[25] On the other hand, Rule 43 of the Rules of Court provides that an appeal from the judgment or final orders of voluntary arbitrators must be made within 15 days from notice. [26] With these, the Court has alternatively used the 10-day or 15-day reglementary periods.[27] However, the

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[24] *Castro v. Sec. Gloria*, 415 Phil. 645, 651-652 (2001).

[25] LABOR CODE, Art. 276.

[26] RULES OF COURT, Rule 43, Sec. 4.

[27] In *Sevilla Trading Co. v. Semana*, 472 Phil. 220, 231 (2004), the Court established that the decision of the Voluntary Arbitrator became final and executory upon the expiration of the 15-day period within which to elevate the same to the CA via a Petition for Review under Rule 43. In *Coca-Cola Bottlers Phils., Inc., Sales Force Union-PTGWO-Balais v. Coca-Cola Bottlers Phils., Inc.*, 502 Phil. 748, 754 (2005), the Court declared that the decision of the Voluntary Arbitrator had become final and executory because it was appealed beyond the 10-day reglementary period under Article 262-A of the Labor Code. In *Philippine Electric Corp. (PHILEC) v. Court of Appeals, et al.*, 749 Phil. 686, 708 (2014), the Court, in recognizing the variant usage of the periods, held that despite Rule 43 providing for a 15-day period to appeal, we rule that the Voluntary Arbitrator's Decision must be appealed before the Court of Appeals within 10 calendar days from receipt of the Decision as provided in the Labor Code.

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confusion has been settled in *Guagua National Colleges v. Court of Appeals*.[28] In that case, we clarified that the 10-day period in Article 276 should be understood as the time within which the adverse party may move for a reconsideration from the decision or award of the voluntary arbitrators.[29] Thereafter, the aggrieved party may appeal to the CA within 15 days from notice pursuant to Rule 43 of the Rules of Court.[30] Here, SHFC received on June 11, 2015 a copy of the PVA's Decision and has 15 days or until June 26, 2015 within which to perfect an appeal. On June 25, 2015, SHFC filed a petition for review with the CA or 14 days after notice of the Decision which is well within the prescribed period.

Anent the merits of this case, we stress that the SOHEAI and SHFC may establish in their CBAs such terms and conditions that are not contrary to law.[31] Notably, there are existing and subsequent laws prohibiting GOCCs like SHFC from negotiating the CBAs' economic provisions. In 1978, the grant of allowances and other benefits to GOCCs must have the approval of the President upon the recommendation of the Budget Commissioner.[32]

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[28] G.R. No. 188492, August 28, 2018, 878 SCRA 362.

[29] *Id.* at 384.

[30] *Id.*

[31] *Supra* note 1.

[32] PD No. 1597, Sec. 5. *Allowances, Honoraria, and Other Fringe Benefits*.— Allowances, honoraria and other fringe benefits which may be granted to government employees, whether payable by their respective offices or by other agencies of government, shall be subject to the approval of the President upon recommendation of the Commissioner of the Budget. For this purpose, the Budget Commission shall review on a continuing basis and shall prepare, for the consideration and approval of the President, policies and levels of allowances and other fringe benefits applicable to government personnel, including honoraria or other forms of compensation for participation in projects which are authorized to pay additional compensation.

Sec. 6. *Exemptions from OCPC Rules and Regulations*. — Agencies positions, or groups of officials and employees of the national government, including government-owned or controlled corporations, who are hereafter exempted by law from OCPC coverage, shall observe such guidelines and

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In 2009, the Senate and House of Representatives Joint Resolution No. 4 authorized the President to approve policies and levels of allowances and benefits.[33] In 2010, EO No. 7 provides a moratorium on increases in salaries, allowances, incentives and other benefits in the GOCCs.[34] In 2011, RA No. 10149 created the Governance Commission for GOCCs and mandated it to develop a compensation and position classification system subject to the approval of the President.[35] In 2016, EO No. 203 expressly

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policies as may be issued by the President governing position classification, salary rates, levels of allowances, project and other honoraria, overtime rates, and other forms of compensation and fringe benefits. Exemptions notwithstanding, agencies shall report to the President, through the Budget Commission, on their position classification and compensation plans, policies, rates and other related details following such specifications as may be prescribed by the President.

[33] Item No. 9 of JR No. 4 provides: "(9) Exempt Entities. — Government agencies which by specific provision/s of laws are authorized to have their own compensation and position classification system shall not be entitled to the salary adjustments provided herein. Exempt entities shall be governed by their respective Compensation and Position Classification Systems: *Provided*, That such entities shall observe the policies, parameters and guidelines governing position classification, salary rates, categories and rates of allowances, benefits and incentives, prescribed by the President: *Provided further*, **That any increase in the existing salary rates as well as the grant of new allowances, benefits and incentives or an increase in the rates thereof shall be subject to the approval by the President, upon recommendation of the DBM x x x**." (Emphasis supplied.)

[34] EO No. 7, SEC. 9. *Moratorium on Increases in Salaries, Allowances, Incentives, and Other Benefits*. — Moratorium on increases in the rates of salaries, and the grant of new or increases in the rates of allowances, incentives and other benefits, except salary adjustments pursuant to Executive Order No. 8011 dated June 17, 2009 and Executive Order No. 900 dated June 23, 2010, are hereby imposed until specifically authorized by the President; signed on September 8, 2010.

[35] RA No. 10149, SEC. 5. Creation of the Governance Commission for Government-Owned or Controlled Corporations. — There is hereby created a central advisory, monitoring, and oversight body with authority to formulate, implement and coordinate policies to be known as the Governance Commission for Government-Owned or -Controlled Corporations, hereinafter referred to as the GCG, which shall be attached to the Office of the President. x x x.

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disallowed the governing boards of GOCCs, whether chartered or non-chartered, to negotiate the economic terms of their CBAs.[36]

As the CA aptly observed, EO No. 7 and RA No. 10149 are already effective before the negotiation and execution of the 2011 and 2013 CBAs between SOHEAI and SHFC. To be sure, the Governance Commission did not approve the economic terms of the CBAs and informed SHFC that it cannot implement the new benefits and increases. On this score, we stress that GOCCs officials and employees are not entitled to benefits and increases without the approval of the President or the Governance Commission. Corollarily, the SHFC's revocation of the CBAs' economic provisions can hardly amount to diminution of benefits. Suffice it to say that SOHEAI is not entitled to the new benefits and increases which yield neither legal nor binding effect. In *PCSO v. Pulido-Tan*,[37] the petitioner's governing board modified the salaries and benefits of its employees. Nevertheless, the Court ruled that petitioner as a GOCC is covered by the Department of Budget and Management's compensation and position standards. Consequently, petitioner's officials and employees were disallowed to receive the benefits and increases. Also, in *GSIS Family Bank Employees Union v. Villanueva*,[38] the petitioner and the GSIS Family Bank, a GOCC, were

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SEC. 8. Coverage of the Compensation and Position Classification System.— The GCG, after conducting a compensation study, shall develop a Compensation and Position Classification System which shall apply to all officers and employees of the GOCCs whether under the Salary Standardization Law or exempt therefrom and shall consist of classes of positions grouped into such categories as the GCG may determine, subject to the approval of the President; approved on June 6, 2011.

[36] EO No. 203, S. 2016, SEC. 2. Collective Bargaining Agreements (CBAs) and Collective Negotiation Agreements (CNA) in the GOCC Sector. — While recognizing the constitutional right of workers to self-organization, collective bargaining and negotiations, the Governing Boards of all covered GOCCs, whether Chartered or Non-chartered, may not negotiate with their officers and employees the economic terms of their CBAs; signed on March 22, 2016.

[37] 785 Phil. 266 (2016).

[38] G.R. No. 210773, January 23, 2019.

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prohibited from engaging in negotiations or develop and implement the benefits and increases pursuant to RA No. 10149 and EO No. 203.

Similarly, SOHEAI is not entitled to SONA bonus. A law must authorize the benefit before it may be granted to government officials or employees.[39] Yet, the SONA bonus was given merely as a gratuity. It is not expressly or impliedly anchored in any law. The bonus is not even mentioned in the 2011 and 2013 CBAs. It is neither made part of the wage, salary or compensation of the employee, nor promised by the employer and expressly agreed upon by the parties.[40] We quote with approval the pertinent findings of the CA, thus:

> In the present case, it must be recalled that petitioner started to give the SONA bonus or the SONA Incentive Award of ₱50,000.00 to each of its employees in 2007, raised it to ₱60,000.00 in 2009, and continued giving it up to 2010. Petitioner approved the grant of this Incentive Award in virtue of former President Gloria Macapagal Arroyo's recognition of its performance in nation building and the accomplishment of her Ten Point Agenda in her State of the Nation Address. But, EO 7, which was issued on 8 September 2010 provides:
>
> > "SECTION 3. Total Compensation Framework. — All remuneration granted to members of the board of directors/ trustees, officers and rank-and-file employees of GOCCs and GFIs shall be categorized in accordance with the Total Compensation Framework established under Item (4) of J.R. No. 4. Under this framework, total payment for services rendered by personnel shall be limited to the following categories:
> >
> > a. Basic Salaries, including Step Increments;
> >
> > b. Standard Allowances and Benefits which are given to all employees across agencies;

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[39] *Maritime Industry Authority v. Commission on Audit*, 750 Phil. 288, 330 (2015); *Yap v. Commission on Audit*, 633 Phil. 174, 192 (2010).

[40] *Mega Magazine Publications, Inc. v. Defensor*, 736 Phil. 342, 350 (2014).

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c. Specific-Purpose Allowances and Benefits which are given under specific conditions, based on actual performance of work; and

d. Incentives, which are rewards for loyalty to government service and for exceeding performance targets."

It is clear from the above provision that the SONA bonus is not among those authorized by law to be granted to employees of GOCCs. Thus, with the enactment of EO 7, the grant of the SONA bonus from year 2011 can no longer be allowed. After all, a bonus is a mere gratuity or act of liberality of the giver. It is not a demandable and enforceable obligation.[41] (Emphasis supplied.)

Lastly, the CA is correct that no writ of execution or garnishment should have been issued in favor of SOHEAI because SHFC's funds are considered public. The rule is and has always been that all government funds are not subject to garnishment or levy, in the absence of a corresponding appropriation as required by law. It is based on obvious considerations of public policy that the functions and services rendered by the State cannot be allowed to be paralyzed or disrupted by the diversion of public funds from their legitimate and specific objects, as appropriated by law.[42]

At any rate, the Commission on Audit (COA) must first approve SOHEAI's money claims even after the issuance of a writ of execution.[43] Apropos is Section 26 of Presidential Decree No. 1445[44] which vested COA the authority to examine, audit, and settle all debts and claims of any sort due from or owing to the Government, or any of its subdivisions, agencies, or instrumentalities, including all GOCCs, *viz.*:

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[41] *Rollo*, pp. 79-81.

[42] *City of Caloocan v. Hon. Allarde*, 457 Phil. 543, 553 (2003).

[43] See *Star Special Watchman and Detective Agency, Inc. v. Puerto Princesa City*, 733 Phil. 62, 81 (2014). See also Section 26 of PD No. 1445 or the Government Auditing Code of the Philippines.

[44] Government Auditing Code of the Philippines; approved on June 11, 1978.

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Section 26. *General jurisdiction*. — The authority and powers of the Commission shall extend to and comprehend all matters relating to auditing procedures, systems and controls, the keeping of the general accounts of the Government, the preservation of vouchers pertaining thereto for a period of ten years, the examination and inspection of the books, records, and papers relating to those accounts; and the audit and settlement of the accounts of all persons respecting funds or property received or held by them in an accountable capacity, **as well as the examination, audit, and settlement of all debts and claims of any sort due from or owing to the Government or any of its subdivisions, agencies and instrumentalities. The said jurisdiction extends to all government-owned or controlled corporations**, including their subsidiaries, and other self-governing boards, commissions, or agencies of the Government, and as herein prescribed, including nongovernmental entities subsidized by the government, those funded by donations through the government, those required to pay levies or government share, and those for which the government has put up a counterpart fund or those partly funded by the government. (Emphasis supplied.)

Verily, all money claims against the Government must first be filed with the COA which must act upon it within 60 days. The rejection of the claim will authorize the claimant to elevate the matter to the Supreme Court on *certiorari* and, in effect, sue the State.[45] Otherwise, the claim is premature and must fail.[46]

FOR THESE REASONS, the petition is **DENIED**. The Court of Appeals' Decision dated July 21, 2017 in CA-G.R. SP No. 140975 is **AFFIRMED**.

SO ORDERED.

Peralta, C.J., Caguioa, Lazaro-Javier, and *Rosario, JJ.*, concur.

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[45] Supreme Court Administrative Circular No. 10-2000, October 25, 2000.

[46] *Republic of the Philippines v. Benjohn Fetalvero*, G.R. No. 198008; February 4, 2019.