



Republic of the Philippines
 Supreme Court
 Manila

SUPREME COURT OF THE PHILIPPINES
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**RHODELIA L. SAMBO and LORYL
 J. AVILA,**

G.R. No. 223244

Petitioners,

Present:

SERENO, C. J.,*
 CARPIO,**
 VELASCO, JR.,***
 LEONARDO-DE CASTRO,
 PERALTA,
 BERSAMIN,
 DEL CASTILLO,
 MENDOZA,
 REYES,
 PERLAS-BERNABE,
 LEONEN,
 JARDELEZA,
 CAGUIOA,*
 MARTIRES, and
 TIJAM, JJ.

- versus -

**COMMISSION ON AUDIT,
 represented by Chairperson MA.
 GRACIA M. PULIDO TAN,
 Chairperson,**

Promulgated:

Respondent.

June 20, 2017

[Signature]

X-----X

DECISION

PERALTA, J.:

Before the Court is a petition for *certiorari*¹ under Rule 65 in relation to Rule 64 of the Rules of Court seeking to nullify Commission on Audit (COA) Decision No. 2015-024² dated January 29, 2015 of the COA partly

* On leave.
 ** On wellness leave.
 *** Acting Chief Justice, per Special Order No. 2450 dated June 20, 2017.
¹ Rollo, pp. 3-15.
² Id. at 16-28.

[Signature]

affirming Decision No. 2010-C-005 dated May 13, 2010 of the COA Regional Office (RO) No. V, which partly lifted the Notice of Disallowance (ND) No. REG. 08-01-101³ dated September 12, 2008 as regards the payment of benefits to several employees of Quedan and Rural Credit Guarantee Corporation (QUEDANCOR), Region V for the Calendar Years (CYs) 2006 and 2007 in the total amount of ₱94,913.15.

The factual antecedents are as follows:

QUEDANCOR is a government-owned and controlled corporation (GOCC) created under Republic Act No. 7393.⁴ Petitioners Rhodelia L. Sambo (*Sambo*) and Loryl J. Avila (*Avila*) are the Acting Regional Assistant Vice President and Regional Accountant, respectively, of QUEDANCOR, Regional Office V.⁵

In September 12, 2008, the Audit Team Leader (ATL)/Resident Auditor in QUEDANCOR of COA Naga City issued ND No. REG. 08-01-101 dated September 12, 2008 disallowing disbursement and payments in the total amount of ₱94,913.15. The disallowed expenditures consist of benefits to several employees of QUEDANCOR for the CYs 2006 and 2007, as follows:

1. Year End Benefits (*YEB*) for CY 2007 in the amount of ₱6,815.50;
2. Medicine Reimbursements for CY 2007 in the amount of ₱53,097.65;
3. Performance Bonus (*PerB*) for CY 2007 in the amount of ₱25,000.00;
4. Productivity Incentive Benefit (*PIB*) for CY 2006 in the amount of ₱10,000.00.

The reason for the disallowance by the ATL was that the payees for the YEB, PerB and PIB are casual employees and, therefore, not entitled to receive the benefits and allowances. The appointments were merely covered by Special Orders issued by the QUEDANCOR President and Chief Executive Officer (*COE*) and were without approval of the Civil Service Commission (*CSC*). Hence, the employees' contracts of services are not governed by the CSC laws, rules and regulations. The ATL stated that the nature of the employment of the payees is in the nature of contracts of service or job orders. Being such, their employment cannot be classified as government service because there is no employer and employee relationship

³ *Id.* at 29-33.

⁴ *Id.* at 54.

⁵ *Id.* at 5.



between them and QUEDANCOR. Hence, they are not entitled to receive the benefits enjoyed by government employees like the YEB, PerB and PIB.⁶

The following rules and regulations were cited as bases for the disallowance:

1. Item 3.2 of Budget Circular (BC) No. 2005-6 dated October 28, 2005 on the "*Updated Rules and Regulations on the Grant of the Year-End Bonus and Cash Gift to Government Personnel for FY 2005 and Years Thereafter*";
2. Item 2.2 of BC No. 2005-07 dated December 15, 2005 on the "*Grant of Performance Bonus for FY 2005*";
3. Item 2.1.1 of National Compensation Circular (NCC) No. 73 dated December 27, 1994 entitled the "*Grant of Productivity Incentive Benefit for CY 1994 and Years Thereafter*."⁷

The Medicine Reimbursements were disallowed in audit in the absence of statutory authority for its grant, citing Section 84(1) of Presidential Decree (P.D.) 1445, otherwise known as the *Government Auditing Code of the Philippines*, which provides that revenue funds shall not be paid out of any public treasury or depository except in pursuance of an appropriation law or other specific statutory authority.⁸ According to the ATL, a mere Memorandum issued by the President and COE of QUEDANCOR authorizing the grant of medicine reimbursement is not the "statutory authority" contemplated by P.D. 1445.

The ND No. REG. 08-01-101 enumerates the following persons as liable for the disallowed amounts:

1. the payees;
2. petitioner Avila for certifying on the completeness and propriety of the supporting documents and the cash availability;
3. petitioner Sambo for approving the payments;
4. Federico A. Espiritu, Executive Vice-President of QUEDANCOR for issuing the following:



⁶ *Id.* at 17.

⁷ *Id.* (Emphasis ours)

⁸ *Id.*

- (a) QUEDANCOR No. 061 dated February 8, 2008 authorizing the payees to claim 10% compensation adjustment effective July 2007 as regards the payment of YEBs;
 - (b) QUEDANCOR No. 08 dated January 29, 2008 authorizing the payees to claim PerB for Fiscal Year 2007; and
 - (c) QUEDANCOR No. 181 dated March 15, 2007 authorizing the payees to claim PIB for CY 2006;
5. Nelson C. Buenaflor, President and COE of QUEDANCOR for issuing QUEDANCOR Circular No. 294 dated June 3, 2004 authorizing the claim for medical reimbursement in the absence of statutory authority for the grant of the benefit.

The officers, together with the payees named in ND No. REG. 08-01-101, filed a motion for reconsideration with the ATL, but the same was denied.⁹

On February 18, 2010, petitioners and the concerned employees-payees elevated the matter to the COA Regional Director in Region V by filing a Memorandum for the appellants.¹⁰ They argued that: (a) they are only following the policies, guidelines, letters of authority and special orders issued by their head office in the grant of the questioned benefits; (b) they are in good faith as their functions are only ministerial; (c) they have proof that they have, in fact, submitted CSC authenticated Plantilla of Casual Appointments and Contractual Appointments in the Quedancor Regional Office with attestation from the CSC.¹¹

In her answer to the appeal, the ATL maintained that the disallowance was proper in its entirety and reiterated that appellants were not entitled to the subject benefits.¹²

In view of the submission of the CSC approved Plantilla of Casual Appointments by Quedancor effective September 7, 2007, the Regional Director of COA Regional Office (RO) V lifted the disallowance on the PerB equivalent to the pro-rated amount of ₱2,000.00 from each of the five payees, or a total of ₱10,000.00. Thus, the total disallowed amount of ₱41,815.50 as stated in the ND was reduced to ₱31,815.50 broken down as follows: P6,815.50 for YEB, P15,000.00 for PerB and ₱10,000.00 for PIB. The dispositive portion of Decision No. 2010-C0-005 dated May 13, 2010 states:

⁹ *Id.* at 6.
¹⁰ *Id.* at 160.
¹¹ *Id.* at 6.
¹² *Id.* at 18.



WHEREFORE, premises considered, the disallowance appealed from is LIFTED as to the amount of ₱10,000.00 while the remaining amount of ₱84,913.15 is AFFIRMED WITH MODIFICATION in that the appellants are no longer required to refund the amount disallowed on the basis of good faith, consistent with the rulings of the Supreme Court in the cases of *Ronnie H. Lumayna, et al., vs. Commission on Audit, Remedios T. Blanquera, et al. v. Hon. Angel C. Alcala, et al. and Home Development Mutual Fund v. COA.*¹³

Upon automatic review,¹⁴ the COA Commission Proper rendered a Decision dated January 29, 2015 partly approving the said Decision No. 2010-C-005 of COA RO No. V:

Thus, this Commission agrees with the decision of the RD of COA RO No. V dated May 13, 2010, lifting the disallowance on the PerB equivalent to the pro-rated amount to which employees were entitled to receive upon submission of a copy of their appointment approved by the CSC, to wit:

x x x x

However, the RD might have overlooked the name of Mr. Reinhard Arceo and included instead Ms. Meriam A. Borromeo in lifting the above disallowance. Hence, the above RD's Decision dated May 13, 2010 partially lifting the PerB is corrected as to Ms. Borromeo who shall be replaced by Mr. Arceo.

On the other hand, the employees who were considered "probationary" but without the original appointment issued by the CSC were not entitled to the said benefits. Thus, the remaining disallowance in the total amount of ₱31,815.50 representing YEB (₱6,815.50), PerB (P15,000.00) and PIB (₱10,000.00) is proper.

As to the propriety of the grant of medicine reimbursements, the ATL is correct in disallowing the same for lack of legal basis.

x x x.¹⁵

The decretal portion of the Decision reads:

WHEREFORE, premises considered, Commission on Audit Regional Office No. V Decision No. 2010-C-005 dated May 13, 2010 is hereby **PARTLY APPROVED**. Accordingly, the disallowance on the Performance Bonus granted to the employees who were able to submit their appointments duly approved/attested to by the Civil Service Commission, in the amount of **₱10,000.00** is hereby **LIFTED**, with the name of Ms. Meriam A. Borromeo to be replaced by Mr. Reinhard Arceo.

¹³ *Id.* at 18. (Underscoring ours)

¹⁴ Pursuant to Section 7, Rule V of the 2009 Revised Rules of Procedure of the COA.

¹⁵ *Rollo*, pp. 19-20.



However, the disallowance of the Year-end bonus, remaining Performance Bonus and Productivity Incentive Bonus in the total amount of **₱31,815.50** and the Medicine Reimbursements in the amount of **₱53,097.65** is **AFFIRMED**. The officers who authorized/certified/approved the payment of the disallowed benefits shall be solidarily liable for the total disallowance, but the rank-and file employees who received the benefits in good faith need not refund the amount they each received.¹⁶

A Motion for Reconsideration¹⁷ dated May 11, 2015 was filed by petitioners and Atty. Renato Z. Enciso (one of the payees for the grant for medical reimbursement) but the same was denied in the Resolution dated October 15, 2015.¹⁸

Hence, this petition, raising the following issues:

THE RESPONDENT COMMISSION ON AUDIT GRAVELY ABUSED ITS DISCRETION AMOUNTING TO LACK OR IN EXCESS OF JURISDICTION WHEN IT RENDERED THE DECISION DATED JANUARY 29, 2015, HOLDING THE PETITIONERS IN THEIR CAPACITIES AS THE AUTHORIZING/CERTIFYING AND APPROVING OFFICERS SOLIDARILY LIABLE FOR THE TOTAL DISALLOWANCE.

THE RESPONDENT COMMISSION ON AUDIT GRAVELY ABUSED ITS DISCRETION AMOUNTING TO LACK OR IN EXCESS OF JURISDICTION WHEN IT RULED THAT ONLY THE OFFICERS WHO AUTHORIZED/CERTIFIED/APPROVED THE PAYMENT OF THE DISALLOWED BENEFITS ARE SOLIDARILY LIABLE BUT EXEMPTING FROM ANY SPECIFIC LIABILITY THE BOARD OF DIRECTORS, PRESIDENT AND CEO OF QUEDANCOR, WHO MADE THE POLICY GUIDELINES AND ISSUED THE LETTERS OF AUTHORITY AUTHORIZING THE PAYMENT OF THE DISALLOWED BENEFITS.¹⁹

Petitioners argue in their petition that (a) they could not be held liable for the disallowance as they are mere subordinate officers performing ministerial functions in good faith when they certified and approved the disbursements of employee benefits disallowed by the COA; and (b) it is the Policy-Makers, Board of Directors, President and CEO of QUEDANCOR, who made the circulars and guidelines for the payments of disallowed benefits, that should be held directly and primarily liable for the disallowance not the subordinate officers who merely followed it to the letter.

¹⁶ *Id.* at 22. (Emphasis in the original; underscoring supplied)

¹⁷ *Id.* at 35-41.

¹⁸ *Id.* at 7, 161.

¹⁹ *Id.* at 7-8.



In the Comment²⁰ of respondent, it argued that petitioners failed to prove that they acted in good faith in disregarding the provisions of RA 6758²¹ and Administrative Order (AO) 103 dated January 14, 1994 pertaining to payment of allowances. RA 6758 standardizes the salary rates of government officials and employees,²² while AO 103 enjoins head of government agencies from granting incentive benefits without prior approval of the President. Respondent averred that the blatant disregard of the petitioners (approving officers) to abide with the provisions of AO 103 overcame the presumption of good faith invoking the rulings in *Executive Director Casal v. COA*,²³ *Dr. Velasco, et al. v. COA*,²⁴ and *Tesda v. COA*.²⁵

We dismiss the petition.

Presidential Decree No. 1445 spells out the rule on general liability for unlawful expenditures:

Section 103. *General liability for unlawful expenditures.*
Expenditures of government funds or uses of government property in violation of law or regulations shall be a personal liability of the official or employee found to be directly responsible therefor.²⁶

Under this provision, an official or employee shall be personally liable for unauthorized expenditures if the following requisites are present, to wit: (a) there must be an expenditure of government funds or use of government property; (b) the expenditure is in violation of law or regulation; and (c) the official is found directly responsible therefor.²⁷

Related to the foregoing is Section 19 of COA Circular No. 94-001, the Manual of Certificate of Settlement and Balances, which provides for the bases for determining the extent of personal liability:

²⁰ *Id.* at. 158-174.

²¹ *An Act Prescribing a Revised Compensation and Position Classification System in the Government and For Other Purposes.*

²² Section 12 of Republic Act No. 6758 provides:

Section 12. *Consolidation of Allowances and Compensation.* - All allowances, except for representation and transportation allowances; clothing and laundry allowances; subsistence allowance of marine officers and crew on board government vessels and hospital personnel; hazard pay; allowances of foreign service personnel stationed abroad; and such other additional compensation not otherwise specified herein as may be determined by the DBM, shall be deemed included in the standardized salary rates herein prescribed. Such other additional compensation, whether in cash or in kind, being received by incumbents only as of July 1, 1989 not integrated into the standardized salary rates shall continue to be authorized.

²³ 538 Phil. 634, 642 (2006).

²⁴ 695 Phil. 226, 242 (2012).

²⁵ 729 Phil. 60, 76 (2014).

²⁶ Also found in Section 52, Chapter 9, entitled "Accountability and Responsibility for Government Funds and Property," Title I, Subtitle B, Book V of Executive Order No. 292, Series of 1987, otherwise known as the "Administrative Code of 1987".

²⁷ *Dr. Salva v. Chairman Carague*, 540 Phil. 279, 285 (2006).



19.1. The liability of public officers and other persons for audit disallowances shall be determined on the basis of (a) the nature of the allowance; (b) the duties and responsibilities of the officers/persons concerned; (c) the extent of their participation or involvement in the disallowed transaction; and (d) the amount of losses or damages suffered by the government thereby. The following are illustrative examples:

x x x x

19.1.3. Public officers who approve or authorize transactions involving the expenditure of government funds and uses of government properties shall be liable for all losses arising out of their negligence or failure to exercise the diligence of a good father of a family.

Clearly, therefore, public officials who are directly responsible for, or participated in making the illegal expenditures, as well as those who actually received the amounts therefrom shall be solidarily liable for their reimbursement.²⁸

However, in cases involving the disallowance of salaries, emoluments, benefits, and allowances due to government employees, jurisprudence has settled that recipients or payees in good faith need not refund these disallowed amounts. For as long as there is no showing of ill intent and the disbursement was made in good faith, public officers and employees who receive subsequently disallowed benefits or allowances may keep the amounts disbursed to them.²⁹

On the part of the approving officers, they shall only be required to refund if they are found to have acted in bad faith or were grossly negligent amounting to bad faith. In common usage, the term "good faith" is ordinarily used to describe that 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."³⁰

In the present case, We take note that petitioners are not disputing the amount of disallowance which was lowered to ₱84,913.15 from the amount stated in the ND which is ₱94,913.15. They are merely arguing that they should not be held liable being merely subordinate officers who followed the guidelines issued by QUEDANCOR, as follows:

²⁸ *Silang v. COA*, G.R. No. 213189, September 8, 2015, 770 SCRA 113.

²⁹ *DAP v. Pulido Tan, et al.*, G.R. No. 203072, October 18, 2016.

³⁰ *Id.*

- a) QUEDANCOR Authority No. 258 issued by the Executive Vice-President of QUEDANCOR authorizing “*Advance Payment of One-Half of the Amount of the Year End Bonus and Cash Gift for CY 2007*”;³¹
- b) QUEDANCOR Authority No. 578 dated November 22, 2007 issued by the Executive Vice-President of QUEDANCOR authorizing the payment of the “*Remaining Bonus and Cash Gift for CY 2007*”;³²
- c) QUEDANCOR Authority No. 604 dated December 21, 2007 issued by the Executive Vice-President of QUEDANCOR authorizing the “*Grant of the Performance Bonus for FY 2007*”;³³
- d) QUEDANCOR Authority No. 038 dated January 29, 2008 issued by the Executive Vice-President of QUEDANCOR authorizing the “*Grant of the Remaining Half of the Performance Bonus for FY 2007*”;³⁴
- e) QUEDANCOR Authority No. 511 dated November 4, 2008 issued by the Executive Vice-President of QUEDANCOR authorizing the “*Payment of Productivity Incentive Bonus for CY 2007*”;³⁵ and
- f) Circular No. 294 Series of 2004 issued by the President and COE of QUEDANCOR which provides for the “*Implementing Guidelines for Grant of Medicine Allowance for QUEDANCOR Employees*.”³⁶

Jurisprudence holds that, absent any showing of bad faith and malice, there is a presumption of regularity in the performance of official duties. However, this presumption must fail in the presence of an explicit rule that was violated. For instance, in *Reyna v. COA*,³⁷ this Court affirmed the liability of the public officers therein, notwithstanding their proffered claims of good faith, since their actions violated an explicit rule in the Land Bank of the Philippines’ Manual on Lending Operations.³⁸

³¹ *Rollo*, p. 108.

³² *Id.* at 109.

³³ *Id.* at 110.

³⁴ *Id.* at 111.

³⁵ *Id.* at 112.

³⁶ *Id.* at 113-119.

³⁷ 657 Phil. 209, 225 (2011).

³⁸ *Delos Santos, et al. v. COA*, 716 Phil. 322, 335 (2013).



In similar regard, this Court, in *Casal v. COA*,³⁹ sustained the liability of certain officers of the National Museum who again, notwithstanding their good faith participated in approving and authorizing the incentive award granted to its officials and employees in violation of AO Nos. 268 and 29 which prohibit the grant of productivity incentive benefits or other allowances of similar nature unless authorized by the Office of the President. We held that, even if the grant of the incentive award was not for a dishonest purpose, the patent disregard of the issuances of the President and the directives of the COA amounts to gross negligence, making the “approving officers” liable for the refund of the disallowed incentive award. We ratiocinated, thus:

The failure of petitioners-approving officers to observe all these issuances cannot be deemed a mere lapse consistent with the presumption of good faith. Rather, even if the grant of the incentive award were not for a dishonest purpose as they claimed, the patent disregard of the issuances of the President and the directives of the COA amounts to gross negligence, making them liable for the refund thereof. x x x.

In the case of *Dr. Velasco, et al. v. COA*,⁴⁰ the Tariff Commission granted Merit Incentive Award to its officials and employees in contravention of Presidential Administrative Order Nos. 16 and 103 which both mandate that the productivity incentive benefit should not be granted without prior approval and authorization from the President. This Court then held that:

x x x the blatant failure of the petitioners-approving officers to abide with the provisions of AO 103 and AO 161 overcame the presumption of good faith. The deliberate disregard of these issuances is equivalent to gross negligence amounting to bad faith. Therefore, the petitioners-approving officers are accountable for the refund of the subject incentives which they received.

This Court applied by analogy the *Casal* and *Velasco* rulings in the case of *Tesda v. COA*,⁴¹ wherein We held the approving officers of Technical Education and Skills Development Authority (*TESDA*) liable for the excess Extraordinary and Miscellaneous Expenses (*EME*) received by them, thus:

In the petition filed before the Court, *TESDA* alleged that the various memoranda issued by the Director-General authorized the *TESDA* officials designated as *TESDP* project officers to claim *EME* under the *TESDP* Fund. *TESDA* did not cite a specific provision of law authorizing

³⁹ *Supra* note 23, at 644. (Citation omitted)

⁴⁰ *Supra* note 24.

⁴¹ *Supra* note 25, at 77-78. (Citations omitted)

such EME, but claimed that its grant had been an "institutional practice," showing the lack of statutory authority to pay such EME. Despite this lack of authority for granting additional EME, the then Director-General still permitted EME in excess of the allowable amount and extended EME to officials not entitled to it, patently contrary to the 2004-2007 GAAs. x x x

Accordingly, the Director-General's blatant violation of the clear provisions of the Constitution, the 2004-2007 GAAs and the COA circulars is equivalent to gross negligence amounting to bad faith. He is required to refund the EME he received from the TESDP Fund for himself. x x x.

In the case at bar, We find that the petitioners have equally failed to make a case justifying their non-observance of existing auditing rules and regulations, as follows:

- a) Item 3.2 of Budget Circular (BC) No. 2005-6 dated October 28, 2005 Re "Updated Rules and Regulations on the Grant of the Year-End Bonus and Cash Gift to Government Personnel for FY 2005 and Years Thereafter" which provides that "*consultants, experts, student laborers, apprentices, laborers of contracted projects ("pakyaw"), mail contractors, those paid on piecework bases, and others similarly situated*" shall not be entitled to the one-half (1/2) YEB or the full YEB;
- b) Item 2.2 of BC No. 2005-07 dated December 15, 2005 Re "Grant of Performance Bonus for FY 2005" which provides that "*all personnel of national government agencies including government-owned or controlled corporations (GOCCs) and government financial institutions (GFIs) whether on permanent, temporary, casual or contractual basis provided that their salaries/wages are charged against their Personal Services allocation and who have rendered at least four (4) months of service as of November 30, 2005, are entitled to receive the Perb in the amount of Five Thousand Pesos (P5,000.00) each.*"
- c) Item 2.1.1 of National Compensation Circular (NCC) No. 73 dated December 27, 1994 Re "Grant of Productivity Incentive Benefit (PIB) for CY 1994 and Years Thereafter" which states that "*casual, temporary and full-time contractual personnel shall refer only to those whose positions have been approved by the Department of Budget and Management and whose hiring have been approved by the Civil Service Commission*".
- d) Section 84(1) of P.D. 1445 which states that "*revenue funds shall not be paid out of any public treasury or depository*



except in pursuance of an appropriation law or other specific statutory authority.”

Petitioners failed to faithfully discharge their respective duties and to exercise the required diligence which resulted in the irregular disbursements paid to the employees whose appointments have not been approved by the CSC. Being a GOCC, QUEDANCOR is bound by civil service laws. Under the Constitution,⁴² the CSC is the central personnel agency of the government, including GOCCs. It primarily deals with matters affecting the career development, rights and welfare of government employees.⁴³ In this light, the ruling of the COA Commission Proper in not appreciating good faith on the part of the petitioners must perforce be upheld.⁴⁴

Petitioners pointed out that they have sent a query dated April 23, 2007 seeking clarification and guidance from their Head Office as regards the disbursements of benefits, but failed to receive any clarification on the matter of the presumption on the regular performance of official duties unless there is a clear showing of bad faith. We note, however, that the letter is dated April 2007, while some of the checks for the disallowed benefits and allowances were issued prior to April 2007.

Furthermore, petitioners invoked the case of *Maritime Industry Authority v. COA*⁴⁵ claiming that the “officers who participated in the approval of the disallowed benefits are required to refund only the amounts received when they are found to be in bad faith or grossly negligent amounting to bad faith.” This claim of petitioners is erroneous.

In the case of *Silang v. COA*,⁴⁶ We did not hold liable the rank and file employees who received the incentives on the honest belief that they are entitled to the benefits but We ruled otherwise with respect to the officers who directly participated in the negotiations pertaining to the disallowed incentives:

Their unexplained failure in this wise, therefore, goes against their claim of good faith in the allowance and payments of the CNA Incentives, especially since the 2008 CNA Incentive had already been disallowed even prior to the approval of Ordinance No. 09-01 authorizing the release of the 2009 CNA Incentive. That they did not receive any amount from the disallowed benefits does not exculpate them from personal and solidary liability for reimbursement therefor, under the legal provisions above-quoted, as receipt of the disallowed benefits is inconsequential, absent any

⁴² Sections 2(1) and 3, Article IX-B.

⁴³ *National Transmission Corporation v. COA, et al.*, G.R. No. 223625, November 22, 2016.

⁴⁴ *Delos Santos, et al. v. COA, supra* note 38, at 338.

⁴⁵ G.R. No. 185812, January 13, 2015, 745 SCRA 300, 346-347.

⁴⁶ G.R. No. 213189, September 8, 2015, 770 SCRA 110.

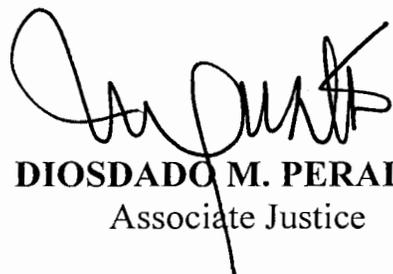
showing of good faith. As aptly pointed out by Associate Justice Arturo D. Brion during the deliberations on this case, the receipt or non-receipt of illegally disbursed funds is immaterial to the solidary liability of the government officials directly responsible therefor, as in the case of *Maritime Industry Authority v. COA*, where the Court held the approving officers therein who acted in bad faith as solidarity liable to return the disallowed funds, even if they never got hold of them.⁴⁷

Lastly, the argument of petitioners that they, as the approving officers, are the only ones held solidarily liable while exempting the President and COE of QUEDANCOR who made the guidelines is not true. It is explicitly stated in (ND) No. REG. 08-01-101⁴⁸ which was affirmed by the COA Commission Proper that the President and CEO as well as the Vice President of QUEDANCOR are made liable for issuing the aforesaid guidelines and authorizing the release of the aforesaid benefits. This solidary liability is in accordance with Book VI, Chapter V, Section 43 of the Administrative Code, which provides:

Liability for Illegal Expenditures. – Every expenditure or obligation authorized or incurred in violation of the provisions of this Code or of the general and special provisions contained in the annual General or other Appropriations Act shall be void. Every payment made in violation of said provisions shall be illegal and every official or employee authorizing or making such payment, or taking part therein, and every person receiving such payment shall be jointly and severally liable to the Government for the full amount so paid or received.

WHEREFORE, premises considered, the instant petition is **DISMISSED**. The Commission on Audit Decision No. 2015-024 dated January 29, 2015 is hereby **AFFIRMED**.

SO ORDERED.



DIOSDADO M. PERALTA
Associate Justice

⁴⁷ *Silang v. COA*, *supra*, at 130-131. (Citations omitted)

⁴⁸ *Rollo*, pp. 29-33.

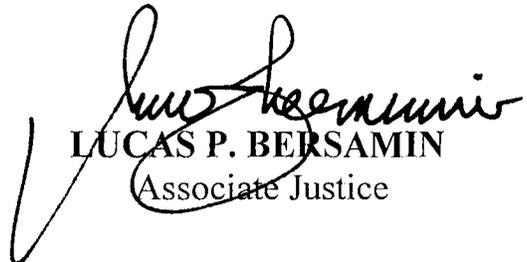
WE CONCUR:

On leave
MARIA LOURDES P. A. SERENO
Chief Justice

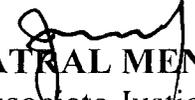
On wellness leave
ANTONIO T. CARPIO
Associate Justice


PRESBITERO J. VELASCO, JR.
Associate Justice


TERESITA J. LEONARDO-DE CASTRO
Associate Justice


LUCAS P. BERSAMIN
Associate Justice


MARIANO C. DEL CASTILLO
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


BIENVENIDO L. REYES
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice


MARVIC M.V.F. LEONEN
Associate Justice


FRANCIS H. JARDELEZA
Associate Justice

On leave
ALFREDO BENJAMIN S. CAGUIOA
Associate Justice


SAMUEL R. MARTIRES
Associate Justice


NOEL GUTIERREZ TIJAM
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court.



PRESBITERO J. VELASCO, JR.
Acting Chief Justice

CERTIFIED XEROX COPY:



FELIPA B. ANAMA
CLERK OF COURT, EN BANC
SUPREME COURT