



Republic of the Philippines
Supreme Court
Manila

EN BANC

PIOLITO C. SANTOS, Former Regional Manager of NFA Regional Office No. 5 and ALL CONCERNED EMPLOYEES OF NATIONAL FOOD AUTHORITY (RO) OF REGION V; EDEN E. REDILLAS and ALL CONCERNED EMPLOYEES OF NFA ALBAY PROVINCIAL OFFICE (PO); YOLANDA R. NAVARRO, and ALL CONCERNED EMPLOYEES OF NFA ALBAY P.O.; VIRGINIA A. GARRUCHO, JAIME N. ESSLER, MARIETTA A. ANTONIO, NERISSA A. MARFIGA, RESTITUTO C. DONCERAS, NERNIE B. ALMERO, LETICIA U. MANLAPAZ, ROMULO M. LEONG, CATHERINE ROSE A. SAMSON, TESALONA G. TAMBAGO, ROSIE C. AVISO, OSSETA A. TIMTIM, HAYDEE C. FLORESTA, ARVIN B. LAZARO, NILO A. MANLAPAZ, EBERT C. VALENCIA, ROMAN G. MASANGKAY, MARLON S. ESQUILLO, MA. ANTONINA V. ESSLER, DANNAH JEAN S. ESGUERRA, and CECIL O. GIO, NFA MASBATE; OSCAR SG. TUBALINAL and ALL CONCERNED EMPLOYEES OF NFA CATANDUANES PO; ALL OF WHOM ARE REPRESENTED BY PIOLITO C. SANTOS in his

G.R. No. 236282
[Formerly UDK 16104]

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**capacity as Former Regional
Manager of NFA Region V,
Petitioners,**

-versus-

**THE HONORABLE
COMMISSION ON AUDIT,
Respondent.**

X-----X
**LELOISA M. APELLANES,
ERIBERTO V. ATIBAGOS,
VISITACIO G. BUO, JR.,
FLORIFE A. CAYASA, VERNIE L.
ECHIN, RUSTOM D. ECLE,
CECILIA B. ENIOLA, GIRLIE D.
ENOYA, CARLOS V. ESCULANO,
RICO B. ESPAÑOLA, SAMUEL A.
GO, JR., VICENTE D. GRAVEN,
REMEDIOS P. GULFO, CARMEN
C. GUTANG, FE M. JUANITE,
LOPE M. LLAMERA, ROSENDO
B. MONDAYA, GERLIZA L.
MULA, ART D. OCADO, GRACE
C. OREJAS, ROBERTO J. PAJO,
ROBERTO P. PAREJA, RANEL E.
PASIGNA, CIRILO A. POLINAR,
JAYSO R. PONTILLAS, JULIETA
Y. PORPAYAS, EDNA B.
RESNERA, JOCELYN L. REYES,
ROLANDO C. SINDO,
BENEDICTO D. TRESMARIA,
and ELENA A. VIAJAR,
represented by FELICITY MAE E.
ECLEO, all of whom are officials
and employees of the National Food
Authority – Surigao del Norte
Provincial Office,
Petitioners,**

X-----X
G.R. No. 236503

-versus-

G.R. Nos. 236282 [Formerly UDK 16104], 236503, 237549, 237550 [Formerly UDK 16152], 237551, 237552 & 237562-63, 237585, 237698, 237841, 240593, 240891, 241717, 249689 [Formerly UDK 16526], 252355, & 252357

THE HONORABLE COMMISSION ON AUDIT,

Respondent.

x-----x
NELLY B. RAMOS, representing all the concerned officials and employees who are presently connected and working with the National Food Authority – Abra Provincial Office,
Petitioner,

x-----x
G.R. No. 237549

-versus-

THE HONORABLE COMMISSION ON AUDIT,

Respondent.

x-----x
GUADELYN O. ESPERANCILLA, representing all the concerned officials and employees who are presently connected and working with the National Food Authority – Northern Leyte Provincial Office,
Petitioner,

x-----x
G.R. No. 237550
[Formerly UDK 16152]

-versus-

THE HONORABLE COMMISSION ON AUDIT,

Respondent.

x-----x
DIVINAGRACIA O. ANTOLIN, representing all the concerned officials and employees who are presently connected and working with the National Food Authority – La Union Provincial Office,
Petitioner,

x-----x
G.R. No. 237551

-versus-

THE HONORABLE COMMISSION ON AUDIT,

Respondent.

x-----x
GONDELINA U. ALDA and ALL CONCERNED EMPLOYEES OF NATIONAL FOOD AUTHORITY, MARINDUQUE PROVINCIAL OFFICE - PROVINCE OF MARINDUQUE; GONDELINA U. ALDA in her capacity as Officer-in-Charge of NFA Marinduque Provincial office and ALL CONCERNED EMPLOYEES OF NATIONAL FOOD AUTHORITY, MARINDUQUE PROVINCIAL OFFICE - PROVINCE OF MARINDUQUE; TOMAS R. ESCAREZ and ALL CONCERNED EMPLOYEES OF NATIONAL FOOD AUTHORITY REGIONAL OFFICE NO. IV,

Petitioners,

x-----x

G.R. Nos. 237552 & 237562-63

-versus-

THE HONORABLE COMMISSION ON AUDIT,

Respondent.

x-----x
ALEJO J. TAMAYO, Former Provincial Manager of National Food Authority Laguna Provincial Office and ALL CONCERNED OFFICERS AND EMPLOYEES OF NFA LAGUNA PROVINCIAL OFFICE, herein represented by ALEJO J. TAMAYO,

Petitioners,

x-----x

G.R. No. 237585

-versus-

**THE HONORABLE
COMMISSION ON AUDIT,**
Respondent.

x-----x
**JOSEPH M. CANDAVA and ALL
CONCERNED EMPLOYEES OF
NATIONAL FOOD AUTHORITY
OCCIDENTAL MINDORO
PROVINCIAL OFFICE,**
Petitioners,

x-----x
G.R. No. 237698

-versus-

**THE HONORABLE
COMMISSION ON AUDIT,**
Respondent.

x-----x
**CARLITO G. CO, Regional
Manager, et al., all of National Food
Authority – Regional Office No. 1,
San Juan, La Union,**
Petitioners,

x-----x
G.R. No. 237841

-versus-

**THE HONORABLE
COMMISSION ON AUDIT,**
Respondent.

x-----x
**APOLINARIO J. BUERANO,
former Provincial Manager, and
ALL CONCERNED OFFICERS
AND EMPLOYEES OF
NATIONAL FOOD AUTHORITY –
LAGUNDA PROVINCIAL
OFFICE,**

x-----x
G.R. No. 240593

Petitioners,

-versus-

**THE HONORABLE
COMMISSION ON AUDIT,**

Respondent.

x-----x
**EMMANUEL L. VILLANUEVA
and ALL CONCERNED
EMPLOYEES OF NATIONAL
FOOD AUTHORITY –
TUGUEGARAO, CAGAYAN
PROVINCIAL OFFICE,**
Petitioners,

x-----x
G.R. No. 240891

-versus-

**THE HONORABLE
COMMISSION ON AUDIT,**

Respondent.

x-----x
**VILMA H. ZARAGA, former
Regional Manager, ET AL.,
NATIONAL FOOD AUTHORITY,
REGIONAL OFFICE NO. VIII,**
Petitioners,

x-----x
G.R. No. 241717

-versus-

**THE HONORABLE
COMMISSION ON AUDIT,**

Respondent.

x-----x
**BEVERLYN P. PERALTA, in her
capacity as Provincial Manager of
the National Food Authority – Ilocos
Norte Provincial Office,**

x-----x
**G.R. No. 249689
[Formerly UDK 16526]**

**FORTUNATO B. BULAO, in his
capacity as Provincial Manager of
the National Food Authority – Ilocos
Sur Provincial Office,**

RAMON B. CUARESMA, in his capacity as Provincial Manager of the National Food Authority – Eastern Pangasinan Provincial Office, Binalonan, Pangasinan,

RONALDO S. RUFO, in his capacity as Provincial Manager of the National Food Authority – Western Pangasinan Provincial Office,

CECILIA A. CONCUBIERTA, in her capacity as Provincial Manager of the National Food Authority – Benguet Provincial Office,

MIGUEL S. TECSON, in his capacity as Provincial Manager of the National Food Authority – Kalinga Provincial Office,

ROBERTO C. GONZALES, in his capacity as Provincial Manager of the National Food Authority – Batangas Provincial Office,

ZALDY C. TAN, in his capacity as Provincial Manager of the National Food Authority – Southern Leyte Provincial Office,

RUBEN M. MANATAD, in his capacity as Provincial Manager of the National Food Authority – Eastern Samar Provincial Office,

Petitioners,

-versus-

**THE HONORABLE
COMMISSION ON AUDIT,**



G.R. Nos. 236282 [Formerly UDK 16104], 236503, 237549, 237550 [Formerly UDK 16152], 237551, 237552 & 237562-63, 237585, 237698, 237841, 240593, 240891, 241717, 249689 [Formerly UDK 16526], 252355, & 252357

X-----X
CONCERNED OFFICIALS AND EMPLOYEES OF THE NATIONAL FOOD AUTHORITY – ISABELA PROVINCIAL OFFICE, represented by **LESLIE A. MARTINEZ,** its former Provincial Manager,

Petitioners,

-versus-

THE HONORABLE COMMISSION ON AUDIT,
Respondent.

X-----X
CONCERNED OFFICIALS AND EMPLOYEES OF NATIONAL FOOD AUTHORITY – LAGUNA PROVINCIAL OFFICE (NFA – LPO), represented by its former Provincial Manager **ALEJO J. TAMAYO;** **CONCERNED OFFICIALS AND EMPLOYEES OF NATIONAL FOOD AUTHORITY – QUEZON PROVINCIAL OFFICE (NFA – QPO),** represented by **MA. LEWINA A. TOLENTINO,** Division Chief of the Inventory Management Division; **CONCERNED OFFICIALS AND EMPLOYEES OF NATIONAL FOOD AUTHORITY – NATIONAL CAPITAL REGION – SOUTH DISTRICT OFFICE (NFA – NCR – SDO),** represented by **JAIME S. HADLOCON,** its former Provincial Manager,

Petitioners,

X-----X
G.R. No. 252355

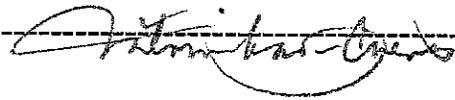
X-----X
G.R. No. 252357

GESMUNDO, Chief Justice,
LEONEN,
CAGUIOA,
HERNANDO,
LAZARO-JAVIER,
INTING,
ZALAMEDA,
LOPEZ, M.,
GAERLAN,
ROSARIO,
LOPEZ, J.,
DIMAAMPAO,
MARQUEZ,
KHO, JR., and
SINGH, JJ.

-versus-

THE HONORABLE
COMMISSION ON AUDIT,
 Respondent.

Promulgated:
January 17, 2023

X----------X

DECISION

LEONEN, J.:

This Court resolves the consolidated Petitions for Certiorari under Rule 64 of the Rules of Court, filed by various officials and employees from regional and provincial offices of the National Food Authority. They assail the disallowance of the National Food Authority's food and grocery incentives for various years.

*Escarez v. Commission on Audit*¹ and *Wycoco v. Aquino*² have settled the issues raised in these Petitions. In both cases, this Court found no grave abuse of discretion on the part of the Commission on Audit and affirmed the disallowance of the food and grocery incentives.

Since 1995, with the agriculture secretary's approval, the National Food Authority "has been giving food gift packages to all of its officials and employees."³ Later, the food gift packages "were converted into gift checks."⁴

In 1998, President Joseph Estrada (President Estrada) approved the request of then National Food Authority Administrator Eduardo Nonato N. Joson "for the grant of Food Assistance and Emergency Allowance in the amount of ₱7,000.00 to all [National Food Authority] officials and employees."⁵ The Letter reads:

December 8, 1998

HIS EXCELLENCY JOSEPH EJERCITO ESTRADA
 President

¹ G.R. Nos. 217818, 218334, 219979, 220201, & 222118, May 31, 2016 [Unsigned Resolution, *En Banc*].

² G.R. No. 237874, February 16, 2021 [Per J. Zalameda, *En Banc*].

³ *Rollo* (G.R. No. 252357), p. 15. *See also rollo* (G.R. No. 236282), p. 7; *rollo* (G.R. No. 236503), p. 8; *rollo* (G.R. No. 237549), p. 11; *rollo* (G.R. Nos. 237552 & 237562-63), p. 11; *rollo* (G.R. No. 237841), p. 9; *rollo* (G.R. No. 240593), p. 23; *rollo* (G.R. No. 240891), p. 8.

⁴ *Id.*

⁵ *Id.*

Republic of the Philippines
Malacañang, Manila

Dear Mr. President:

This refers to the attached approved granting of Food Assistance & Emergency Allowance to all employees of the Office of the President in the amount of Seven Thousand Pesos ((₱7,000.00).

Executive Order No. 2 placed the NFA under the Office of the President, upholding our mandate on food security and food stabilization. Likewise, Executive Order No. 22 tasked our agency to extend our services to the people through timely intervention on non-grains commodity trading in time of crisis or calamity. To this end, we would like to ensure your excellency that we will do our best.

Hence, as a sense of gratitude to the hardwork and dedication by our employees, I personally see it fit that the Food Assistance & Emergency Allowance given to the employees of the Office of the President be extended to NFA officials and employees.

In the spirit of the Yuletide season and the thought of alleviating the economic status of our employees even in this Christmas season, we hope for your consideration and approval.

Again, MERRY CHRISTMAS AND A HAPPY NEW YEAR.

(Sgd.)
EDUARDO NONATO N. JOSON
Administrator

Approved/disapproved:

(Sgd.)
JOSEPH EJERCITO ESTRADA
President⁶

President Estrada's approval became the basis "for the continued granting of the benefit to all [National Food Authority] officials and employees."⁷

In 2003, President Gloria Macapagal-Arroyo (President Macapagal-Arroyo) recognized the authority of the government financial institutions' and government-owned or controlled corporations' heads to grant Christmas/year-end bonuses in addition to 13th month pay and ₱5,000.00 cash gift,⁸ with the

⁶ *Rollo* (G.R. No. 236282), p. 334.

⁷ *Rollo* (G.R. No. 252357), p. 15.

⁸ *Id.*

reminder that the grant should be in moderation.⁹

The Memorandum partly reads:

The Cabinet, at its meeting with the Executive Secretary held today [November 4, 2003], discussed the proposal to grant to the national government employees the amount of not more than P5,000 as year-end bonus in addition to the regular year-end/Christmas/13th month pay consisting of their basic salary plus P5000 in cash only. During the discussion, it was mentioned that these national government employees might be disgruntled if other employees of state entities received extremely high bonuses.

In view thereof, the Cabinet agreed to request the heads of the government financial institutions, and the government owned or controlled corporations to moderate their granting of bonuses to their employees.

Although the Cabinet Members are aware that finances are corporate board matters, they appeal to the good sense of the Boards on this particular case.

Thank you for your continued cooperation.

(Sgd.)
Ricardo L. Saludo¹⁰

Then, upon the National Food Authority's request, the Office of the Government Corporate Counsel issued OGCC Opinion No. 219.¹¹ It states:

It is our opinion that the grant of food subsidy/grocery incentive in the form of gift cheques as traditionally done during the Christmas season is in order. Last November 4, 2003, the Office of the President (OP), through Honorable Secretary Ricardo L. Saludo issued a Memorandum relative to the grant of Christmas/year-end bonuses by the Heads of Government Financial Institutions and the Government Owned and Controlled Corporations to their employees in addition to the mandatory 13th month pay and P5,000.00 cash gift.

The aforementioned Memorandum while directing that the exercise of the authority to grant bonuses be in moderation, in effect took cognizant [sic] or recognized the said authority to grant Christmas/year-end bonuses by the Heads of GFIs and GOCCs to their employees.

The subject DBM Circular you referred in your letter was issued October 17, 2003 while the Memorandum of Hon. Secretary Saludo was

⁹ *Rollo* (G.R. No. 236503), p. 9.

¹⁰ *Rollo* (G.R. No. 236282), p. 335.

¹¹ *Rollo* (G.R. No. 252357), p. 15.

issued much later, that is on November 4, 2003. Hence, for all intents and purposes, it is safe to conclude that it is the intention of the Office of the President to extend and allow the grant of additional bonus denominated as Christmas/year-end bonus to the employees of government owned and controlled corporations.

The grant of additional benefits which have been traditionally given to the employees of government owned and controlled corporations was likewise recognized in the case of *National Tobacco Administration, et[] al. vs. the Commission on Audit* (G.R. No. 119385, August 5, 1999), where the Supreme Court set aside and lifted COA's disallowance of similar benefits which were traditionally given to officers and employees of the National Tobacco Administration.¹²

In 2005, the National Food Authority Council approved NFA Resolution No. 226-2K5, granting the ₱20,000.00 food and grocery incentive for each employee of the National Food Authority as a yuletide incentive.¹³ The Resolution states:

RESOLUTION NO. 226-2K5

RESOLVED, AS IT IS HEREBY RESOLVED THAT, the NFA Council, upon the recommendation of Management, hereby approves the grant of Food/Grocery Incentive (FGI) annually in the amount of P20,000 per NFA Council Official/NFA employees whether permanent or temporary, and other qualified personnel as maybe [sic] defined in the implementing guidelines, subject to accounting and auditing rules, DBM issuances and other pertinent laws.

RESOLVED FURTHER THAT, the schedule of release shall not be later than June 15 of every year for the first P10,000 and the remaining P10,000 not later than October 15.¹⁴

In 2007, National Food Authority Administrator Jessup P. Navarro issued NFA Memorandum AO-2K7-02-024, or the Revised Guidelines on the Grant of the Food/Grocery Incentive for 2007 and Years Thereafter.¹⁵

Later, the Commission on Audit issued Notices of Disallowance covering the food and grocery incentives granted for various years.

¹² *Rollo* (G.R. No. 236282), p. 337.

¹³ *Rollo* (G.R. No. 252357), p. 17.

¹⁴ *Rollo* (G.R. No. 236282), p. 339.

¹⁵ *Rollo* (G.R. No. 252357), p. 17.

G.R. No. 236282

Petitioners in G.R. No. 236282 received six Notices of Disallowances.

Those held liable in Notice of Disallowance No. 2012-05-001 (2011) for ₱440,000.00 were officials and employees of the Masbate Provincial Office, as follows:

Name	Position/Designation	Nature of Participation in the transactions
Virginia A. Garrucho	Sr. Accounting Specialist	Certified that the supporting documents were complete and proper, and as a payee.
Eden E. Redillas	Provincial Manager	Approval of the transaction and as a payee.
Jaime N. Essler	SGOO Provincial Operation Officer	As a payee [payees]. ¹⁶

Those held liable in Notice of Disallowance No. 12-001-101(11) for ₱440,000.00 were officials and employees of the Catanduanes Provincial Office, as follows:

Name	Position/Designation	Nature of Participation in the transactions
1. Oscar G. Tubalinal	Provincial Manager	For approving the payment; For receiving the payment
2. Lourdes B. Perez	Senior Accounting Specialist	Certified that supporting documents were complete and proper Certified that appropriation was available, and for obligating the same For receiving the payment
3. Marites A. Bernardo, et al.	NFA employees	For receiving the payment ¹⁷

Those held liable in Notice of Disallowance No. 12-002-GOF-(10) for ₱580,000.00 were officials and employees of Regional Office No. V:

¹⁶ *Rollo* (G.R. No. 236282), pp. at 38-39.

¹⁷ *Id.* at 40-42.

Name	Position/Designation	Nature of Participation in the Transaction
Rebecca C. Evasco	Accountant IV/Payee	Certified the necessity, legality and availability of funds or adequacy of documents/recipient of the Year End Benefits/Other Claims
Piolito C. Santos	Regional Director/Payee	Approved the disbursement/payment of the Year End Benefits/Other Claims/recipient of the Year End Benefits/Other Claims
Salve B. Altea	Cashier III	Disbursing Officer
Pura B. Advincola, et al.	Accounts Analyst, various/Payees	Recipients of the Year End Benefits/Other Claims ¹⁸

Officials and employees of Regional Office No. V were also held liable in Notice of Disallowance No. 12-001-GOF-(11) for ₱600,000.00. They are as follows:

Name	Position/Designation	Nature of Participation in the Transaction
Rebecca C. Evasco	Accountant IV/Payee	Certified the necessity, legality and availability of funds or adequacy of documents/recipient of the Food and Grocery Incentive
Piolito C. Santos	Regional Director/Payee	Approved the disbursement/payment of the Food and grocery Incentive/recipient of the Food and Grocery Incentive
Salve B. Altea	Cashier III	Disbursing Officer
Piolito C. Santos, et al.	Regional Director, various Payees	Recipients of the Food and Grocery Incentive ¹⁹

Meanwhile, the officials and employees of the Albay Provincial Office were held liable in Notice of Disallowance No. 12-002-GOF-(10) for ₱880,000.00, as follows:

Name	Position/Designation	Nature of Participation in the Transaction
Myrna O. Navera, Sr.	Accounting Specialist	Certified the necessity, legality and availability of funds or

¹⁸ *Id.* at 36.

¹⁹ *Id.* at 37.

		adequacy of documents/recipient of the Food and Grocery Incentive
Eden E. Redillas	Provincial Manager	Approved the disbursement/payment of the Food and grocery Incentive and recipient of the benefit
Salve B. Altea	Cashier III	Disbursing Officer and recipient of the FGI
Allan Joseph P. Abapo, et al.	Payees	Recipients of the Food and Grocery Incentive ²⁰

The Albay Provincial Office officials and employees were also held liable in Notice of Disallowance No. 12-001-GOF-(11) for ₱900,000.00, as follows:

Name	Position/Designation	Nature of Participation in the Transaction
Myrna O. Navera, Sr.	Accounting Specialist	Certified the necessity, legality and availability of funds or adequacy of documents/recipient of the Food and Grocery Incentive
Yolanda R. Navarro	Officer-in-Charge	Approved the disbursement/payment of the Food and grocery Incentive and recipient of the
Salve B. Altea	Cashier III	Disbursing Officer and recipient of the FGI
Allan Joseph P. Abapo, et al.	Payees	Recipients of the Food and Grocery Incentive ²¹

These Notices of Disallowance amount to a total of ₱3,840,000.00.²²

Regional Manager Alan B. Borja, on behalf of concerned regional and provincial officials and employees of the Commission on Audit Regional Office No. V, filed an Appeal Memorandum requesting that the disallowance be set aside.²³ Piolito C. Santos (Santos) also filed a separate Appeal Memorandum requesting the same.²⁴

Eden Redillas filed an Appeal Memorandum for Notice of

²⁰ *Id.* at 88.

²¹ *Id.* at 88-89.

²² *Id.* at 11.

²³ *Id.*

²⁴ *Id.* at 9.

Disallowance No. 2012-05-01(2011); however, she filed it out of time, the Notice of Disallowance attained finality.²⁵

Oscar Tubalinal filed an Appeal Memorandum for Notice of Disallowance No. 12-001-101(11).²⁶

Commission on Audit Regional Director for Region V Eden T. Rafanan issued ROV Consolidated Decision No. 2014-C-001²⁷ on January 3, 2014, denying the appeals based on the following:

1. The grant of FGI violates RA No. 6758 which incorporated all allowances and benefits in the salaries of government employees and required any additional allowances to be made pursuant to a law or subject to the approval of the President of the Philippines;
2. The disallowance of FGI does not violate the principle of non-diminution of pay pursuant to the ruling of the Supreme Court in a long line of cases that there is no diminution of pay [o]f the disallowed allowances or benefits were not granted to incumbent government employees on or before July 1, 1989, the date of effectivity of RA No. 6758. Hence, FGI, which was only granted by NFA in 1995, does not fall under the category of benefits that can continually be granted;
3. The NDs were validly issued pursuant to the mandate of the 1987 Constitution of the Philippines, the Administrative Code of 1987, and PD No. 1445, that COA has the exclusive authority to define the scope of its audit and examination, establish the techniques and methods required therefor, and promulgate accounting and auditing rules and regulations, including those for the prevention and disallowance of irregular, unnecessary, excessive, extravagant, or unconscionable expenditures or uses of government funds or properties;
4. The act of certifying and approving the FGI is not ministerial act even if it was made pursuant to Memorandum No. AO-2K7-02-024 and NFA Council Resolution No. 226-2K5. The officers responsible for the funds of NFA have the duty to ascertain if the disbursements were made in accordance with laws, rules and regulations before they affixed their signatures. Otherwise, they can only be relieved from liability if they notified in writing their superior officers of the illegality of payment, as mandated by Section 106 of PD No. 1445; and
5. The Deed of Undertaking contained in the grant of FGI requiring the recipients thereof to refund the same if it is disallowed shows that the NFA administration was aware that the grant of FGI may be disallowed by COA. Thus, good faith, which presupposes an honest belief and freedom of knowledge of any defect and circumstances which ought to

²⁵ *Id.* at 128-130.

²⁶ *Id.* at 12.

²⁷ *Id.* at 127-136.

put the holder upon inquiry, is lacking.²⁸ (Citations omitted)

Thus, the concerned officials and employees filed a Petition for Review before the Commission on Audit Proper, but this was denied in COA Decision No. 2016-434²⁹ dated December 27, 2016. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, the Petition for Review of Mr. Piolito C. Santos, former Regional Manager, et al., National Food Authority (NFA)-Region 5, Legazpi City, Albay, is hereby DENIED for lack of merit. Accordingly, Commission on Audit Regional Office V Decision No. 2014-C-001 dated January 3, 2014, and Notice of Disallowance Nos. 12-002-GOF-(10) and 12-001-GOF-(11), both dated November 26, 2012; 2012-05-001(2011) dated May 21, 2012; and 12-001-101(11) dated June 11, 2012, on the payment of food and grocery incentive to the officials and employees of NFA offices in Region V, in the total amount of ₱3,840,000.00 for calendar years 2010 and 2011 are AFFIRMED.

The Audit Team Leader and Supervising Auditor, NFA, is directed to issue a Supplemental Notice of Disallowance to the members of the NFA Council which issued NFA Council Resolution No. 226-2K5 dated May 18, 2005.³⁰

A Motion for Reconsideration was filed, but it was denied.³¹ Hence, they filed a Petition for Certiorari.³²

G.R. No. 236503

Petitioners in G.R. No. 236503 are officials and employees of the National Food Authority-Surigao del Norte Provincial Office, represented by Felicity Mae M. Ecleo.³³

They received Notice of Disallowance No. 12-001-GOF-(11), dated June 27, 2012, disallowing their food and grocery incentives for 2011 worth ₱640,000.00.³⁴ These officers included:

²⁸ *Id.* at 130-131.

²⁹ *Id.* at 127-136. The Decision was signed by Commission on Audit Chair Michael G. Aguinaldo and Commissioners Jose A. Fabia and Isabel D. Agito.

³⁰ *Id.* at 134-135.

³¹ *Id.* at 333.

³² *Id.* at 3-32.

³³ *Roilo* (G.R. No. 236503), p. 9.

³⁴ *Id.* at 13.

NAME	POSITION/DESIGNATION	PARTICIPATION
Rosendo P. Mondaya	Administrative Officer III	Certified that charges to the budget were necessary, lawful and supporting documents are valid, proper and legal.
Felicity Mae D. Moreno-Ecleo	Senior Accounting Specialist	Certified that budget is available and supporting documents are complete in the disbursement voucher.
Cirilo A. Polinar	Provincial Manager	Approved the payment and transaction.
Payees	Officers and employees of NFA-Surigao Del Norte	For receiving the payment ³⁵

They appealed the disallowance, but this was denied.³⁶ The Commission on Audit Proper upheld the disallowance through COA Decision No. 2016-466³⁷ dated December 28, 2016, which reads:

WHEREFORE, premises considered, the Petition for Review of Mr. Cirilo A. Polinar, former Provincial Manager, et al., all of National Food Authority (NFA), Surigao del Norte, of Commission on Audit Regional Office No. XIII Decision No. 2013-010 dated June 11, 2013, is hereby DENIED for lack of merit. Accordingly, Notice of Disallowance No. 12-001-GOF-(11) dated June 27, 2012, on the payment of food and grocery incentive (FGI) to the officials and employees of the NFA-Surigao del Norte in the total amount of ₱640,000.00 is AFFIRMED.

The Audit Team Leader and the Supervising Auditor shall issue a Supplemental ND to the members of the NFA Council which authorized the grant of the FGI.³⁸

The officials and employees filed a Motion for Reconsideration, but it was denied on September 7, 2017. Hence, they filed a Petition for Certiorari.³⁹

G.R. No. 237549

Petitioners in G.R. No. 237549 are officials and employees of the National Food Authority-Abra Provincial Office. They received Notice of Disallowance No. 14-001-106(2012), dated February 10, 2014, disallowing their food and grocery incentives in 2012 for a total of ₱260,000.00.⁴⁰ The

³⁵ *Id.* at 105.

³⁶ *Id.* at 5.

³⁷ *Id.* at 104-110. The Decision was signed by Chairperson Michael G. Aguinaldo and Commissioners Jose A. Fabia and Isabel D. Agito.

³⁸ *Id.* at 109.

³⁹ *Id.* at 8.

⁴⁰ *Rollo* (G.R. No. 237549), p. 16.

following were held liable for the disallowance:

Name	Position/Designation	Nature of Participation in the Transaction
Alexander C. Galvez	Provincial Manager	Approved the Payment
Felicisima R. Pichay	Former Senior Accounting Specialist	Certified as to the completeness of the supporting documents and the availability of funds
Roger F. Anicas, et al.		Received the Food and Grocery Incentive ⁴¹

The officials and employees filed an Appeal Memorandum, but it was denied by the Commission on Audit-Corporate Government Sector Cluster 5.⁴² They then filed a Petition for Review before the Commission on Audit Proper, but this was also denied through COA Decision No. 2016-454⁴³ dated December 28, 2016. It reads:

WHEREFORE, premises considered, the Petition for Review of Mr. Henry H. Tristeza, Officer-in-Charge, Provincial Manager, National Food Authority-Abra Provincial Office, Bangued, Abra, representing the officials and employees of the agency, of Corporate Government Sector-5 Decision No. 2014-012 dated September 23, 2014, is DENIED for lack of merit. Accordingly, Notice of Disallowance (ND) No. 14-001-106(2012) dated February 10, 2014, on the payment of Food and Grocery Incentives for the calendar year 2012, in the total amount of P260,000.00, is AFFIRMED.

The Supervising Auditor shall issue a Supplemental ND to the members of the NFA Council who authorized the grant of the FGI.⁴⁴

They filed a Motion for Reconsideration, but it was denied. Thus, they filed a Petition for Certiorari.⁴⁵

G.R. No. 237550 *

Petitioners in G.R. No. 237550 are officials and employees of the National Food Authority-Northern Leyte Provincial Office.⁴⁶ They received Notice of Disallowance No. 2013-001-GOF(2012), dated August 29, 2013,

⁴¹ *Id.* at 40 and 42.

⁴² *Id.* at 5.

⁴³ *Id.* at 92-101. The Decision was signed by Commission on Audit Chair Michael G. Aguinaldo and Commissioners Jose A. Fabia and Isabel D. Agito.

⁴⁴ *Id.* at 100.

⁴⁵ *Id.* at 8-9.

⁴⁶ *Rollo* (G.R. No. 237550), p. 21.

disallowing the food and grocery incentives for 2012 in the total amount of ₱995,000.00.⁴⁷ Those held liable were:

NAME	POSITION/DESIGNATION	NATURE OF PARTICIPATION IN THE TRANSACTION
1. Ramon W. Astilla	Provincial Manager	For approving the payment of 2012 Year End Benefits (Food Gift Incentive)
2. Martina O. Loderero	Senior Accounting Specialist	For certifying the voucher that supporting documents complete; for certifying the Budget Utilization Request that budget available and earmarked/utilized for the purpose as indicated; for certifying the payroll as to funds available
3. Leonila V. Selpa	Administrative Officer III	For certifying the BUR that charges to budget necessary, lawful and under her direct supervision; supporting documents valid, proper and legal; for certifying correct the payroll.
4. All payees/employees who received P20,000.00 each		As individual payee in the payroll ⁴⁸

They filed an Appeal Memorandum, but it was denied by the Commission on Audit-Corporate Government Sector-5.⁴⁹ They filed a Petition for Review, but the Commission on Audit Proper denied this in COA Decision No. 2016-467⁵⁰ dated December 28, 2016. The dispositive portion reads:

WHEREFORE, premises considered, the Petition for Review of Ms. Leonila V. Selpa, Administrative Officer III, et al., all of National Food Authority (NFA)-Northern Leyte Provincial Office, Palo, Leyte, of Commission on Audit Corporate Government Sector-5 Decision No. 2014-006 dated August 11, 2014, is DENIED for lack of merit. Accordingly, Notice of Disallowance (ND) No. 2013-001-GOF (2012) dated August 29, 2013 on the payment of 2012 Year-End Benefits (Food Gift Incentive) to

⁴⁷ *Id.* at 27.

⁴⁸ *Id.* at 55-56.

⁴⁹ *Id.* at 17.

⁵⁰ *Id.* at 97-106. The Decision was signed by Commission on Audit Chair Michael G. Aginaldo and Commissioners Jose A. Fabia and Isabel D. Agito.

its officials and employees, in the total amount of P995,000.00, is AFFIRMED.

The Supervising Auditor and the Audit Team Leader are directed to issue a Supplemental ND to the members of the NFA Council who authorized the grant of the Food Gift Incentive.⁵¹

The officers filed a Motion for Reconsideration, but it was denied. Hence, they filed a Petition for Certiorari.⁵²

G.R. No. 237551

Petitioners in G.R. No. 237551 are officials and employees of the National Food Authority-La Union Provincial Office, represented by Divinagracia O. Antolin.⁵³ They received Notice of Disallowance No. 14-001-106(2012), dated February 10, 2014, disallowing food and grocery incentives granted in 2012 for a total of P620,000.00.⁵⁴ The officers included:

NAME	POSITION/DESIGNATION	PARTICIPATION
Nicanor S. Rosario	Provincial Manager	Approved the payment
Robellen N. Narvaez	Former Senior Accounting Specialist	Certified as to the completeness of the supporting documents and the availability of funds
Payees	Officers and employees of NFA-LUPO	Received the payment ⁵⁵

They filed an Appeal Memorandum, but the Corporate Government Sector-5 denied this.⁵⁶ They then filed a Petition for Review, but this was also denied in COA Decision No. 2016-461⁵⁷ dated December 28, 2016. The dispositive portion reads:

WHEREFORE, premises considered, the Petition for Review of Mr. Nicanor S. Rosario, Provincial Manager, et al., all of National Food

⁵¹ *Id.* at 104-105.

⁵² *Id.* at 19-20.

⁵³ *Rollo* (G.R. No. 237551), p. 9. According to the Petition, 31 officials and employees were named in the Notice of Disallowance. However, only 20 were able to sign the Special Power of Attorney, authorizing Divinagracia O. Antolin to act as their representative. Petitioners explained that some of the officials and employees named in the Notice of Disallowance have died, retired, or transferred to other government agencies.

⁵⁴ *Id.* at 115.

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ *Id.* at 114-122. The Decision was signed by Chairperson Michael G. Aguinaldo and Commissioners Jose A. Fabia and Isabel D. Agito.

Authority (NFA) La Union Provincial Office, San Juan, La Union, of Commission on Audit Corporate Government Sector-5 Decision No. 2014-012 dated September 23, 2014 is hereby DENIED for lack of merit. Accordingly, Notice of Disallowance (ND) No. 14-001-106(2012) on the payment of Food and Grocery Incentive (FGI) to the agency officials and employees for calendar year 2012 in the total amount of P620,000.00 is AFFIRMED.

The Supervising Auditor shall issue a Supplemental ND to the members of the NFA Council who authorized the grant of the FGI.⁵⁸

They filed a Motion for Reconsideration, which was denied. Hence, they filed the Petition for Certiorari.⁵⁹

G.R. Nos. 237552 and 237562-63

Petitioners in G.R. Nos. 237552 and 237562-63 were officials and employees of the National Food Authority-Regional Office No. IV, represented by its former Regional Director Tomas R. Escarez;⁶⁰ officials and employees of the Marinduque Provincial Office, represented by Gondelina U. Alda;⁶¹ and officials and employees of the Batangas Regional Office.

Those in Regional Office No. IV received Notice of Disallowance No. 2013-001(2012)RIV, dated April 12, 2013, for the grant of food and grocery incentives for 2012. The amount disallowed was P705,000.00.⁶² The following were found liable:

Name	Position/Designation	Nature of Participation in the Transactions
1. Tomas R. Escarez	Regional Director	For approving the transaction; certifying that a) charges to budget were necessary, lawful and under his direct supervision and b) supporting documents are valid, proper and legal
2. Rosie M. Igno	Regional Accountant	For certifying to the completeness of supporting documents
3. The 36 employee recipients listed in		For receiving Food Incentive Allowance ⁶³

⁵⁸ *Id.* at 121.

⁵⁹ *Id.* at 8-9.

⁶⁰ *Rollo* (G.R. Nos. 237552 & 237562-63), p. 6.

⁶¹ *Id.*

⁶² *Id.* at 156.

⁶³ *Id.*

Annex A

They appealed the disallowances, but the appeal was denied. They filed a Petition for Review, but the Commission on Audit Proper denied it through COA Decision No. 2016-437,⁶⁴ the dispositive portion of which reads:

WHEREFORE, premises considered, the Petition for Review of Mr. Tomas R. Escarez, Regional Director, et al., all of National Food Authority (NFA)-Regional Office No. IV, Batangas City, of Commission on Audit Corporate Government Sector-5 Decision No. 2014-006 dated August 11, 2014, is DENIED for lack of merit. Accordingly, Notice of Disallowance (ND) No. 2013-001 (2012) RIV dated April 12, 2013 on the payment of Food and Grocery Incentives to its officials and employees for calendar year 2012 in the total amount of P705,000.00 is AFFIRMED.

The Audit Team Leader and Supervising Auditor are directed to issue a Supplemental ND to the members of the NFA Council who authorized the grant of the Food and Grocery Incentives.⁶⁵

The Marinduque Provincial Office received Notice of Disallowance Nos. 10-001-101(08) and 10-002-101(09), both dated March 2, 2010, for the grant of food and grocery incentives for 2008 and 2009. They were similarly worded, differing only as to the year, the applicable general appropriations act, the amounts disallowed, and the persons liable.⁶⁶ The Notice for 2008 disallowed a total of P330,000.00. The following were found liable:

Name	Position/Designation	Nature of Participation in the Transactions
1. Mr. Roberto C. Gonzales	Provincial Manager	Certified as to legality and necessity of the claim and approved the payments
2. Mr. Edmundo V. Enrique	Provincial Manager	Certified as to legality and necessity of the claim and approved the payments
3. Mr. Rufino Sanchez	Accountant	Certified that the supporting documents were complete
4. All employees/recipients	Please see attached schedule	Received the payment ⁶⁷

The Notice for 2009 disallowed P290,000.00.⁶⁸ The persons held liable

⁶⁴ *Id.* at 207-215.

⁶⁵ *Id.* at 214.

⁶⁶ *Id.* at 49-58.

⁶⁷ *Id.* at 49.

⁶⁸ *Id.* at 52.

were:

Name	Position/Designation	Nature of Participation in the Transactions
1. Ms. Gondelina U. Alda	Officer-in-Charge	Certified as to legality and necessity of the claim and approved the payments
2. Ms. Ofelia Pasahol	Accountant	Certified that the supporting documents were complete
3. All the employees/recipients	Please see attached schedule	Received the payment ⁶⁹

The concerned officials and employees appealed these Notices of Disallowance before the Commission on Audit Regional Office No. IV, but was denied.⁷⁰

Later, they received Notice of Disallowance No. 11-001-101(10), dated May 25, 2011, for the food and grocery incentives granted in 2010⁷¹ worth ₱280,000.00.⁷² The persons held liable were:

Name	Position/Designation	Nature of Participation in the Transactions
1. Ms. Gondelina U. Alda	Officer-in-Charge	For certifying as to legality and necessity of the claim and approving the payments.
2. Ms. Jennilyn H. Balina	Accountant	Certified that the supporting documents were complete.
3. All the 14 employees/recipients	Please see attached Annex 1	For receiving the disallowed claim/payment. ⁷³

Meanwhile, they appealed the Regional Office No. IV's ruling before the Commission on Audit's Adjudication and Settlement Board.⁷⁴ But as the Board was later abolished,⁷⁵ the Commission on Audit Proper took on the rendering of the decision, denying the appeal through COA Decision No. 2016-494⁷⁶ dated December 29, 2016. The dispositive portion reads:

WHEREFORE, premises considered, the Petition for Review of Ms.

⁶⁹ *Id.*

⁷⁰ *Id.*

⁷¹ *Id.* at 7.

⁷² *Id.* at 102.

⁷³ *Id.* at 102.

⁷⁴ *Id.* at 6.

⁷⁵ *Id.*

⁷⁶ *Id.* at 73-80. The Decision was signed by Chairperson Michael G. Aguinaldo and Commissioners Jose A. Fabia and Isabel D. Agito.

Gondelina U. Alda, Officer-in-Charge, et al., National Food Authority (NFA), Marinduque Provincial Office, Laylay, Boac, Marinduque, of Commission on Audit Regional Office IV Decision No. 2011-08 dated March 21, 2011 affirming Notice of Disallowance Nos. 10-001-101-(08) and 10-002-101-(09) both dated March 2, 2010, on the payment of Food and Grocery Incentive to the agency officials and employees for calendar years 2008 and 2009 in the total amount of P620,000.00 is AFFIRMED.

The Audit Team Leader and the Supervising Auditor are directed to issue a Supplemental Notice of Disallowance to the members of the NFA Council who authorized the grant of the Food and Grocery Incentive.⁷⁷

A Motion for Reconsideration was filed, but this was denied on October 26, 2017.⁷⁸

Even the appeal for the disallowance of the 2010 food and grocery incentives was also denied by the Regional Office.⁷⁹ The Commission on Audit Proper, through COA Decision No. 2016-336⁸⁰ dated November 9, 2016, denied their Petition for Review. The dispositive portion reads:

WHEREFORE, premises considered, the petition for review of Ms. Gondelina U. Alda, Officer-in-Charge, et al., National Food Authority, Marinduque Provincial Office, Boac, Marinduque, is hereby DENIED for lack of merit. Accordingly, Commission on Audit Regional Office IV-B Decision No. 2013-03 dated June 24, 2013, which affirmed Notice of Disallowance No. 11-001-101(10) dated May 25, 2011, on the payment of the Food/Gift Incentive or Food/Grocery Incentive for calendar year 2010 to agency's officials and employees in the total amount of P280,000.00, is hereby AFFIRMED.⁸¹

The Motion for Reconsideration was likewise denied.⁸²

For the Batangas Regional Office, the concerned officials and employees received Notice of Disallowance No. 2013-001(2012)RIV, dated April 12, 2013 for the disallowance of the amount of ₱705,000.00.⁸³ The persons held liable in the Notice of Disallowance were:

⁷⁷ *Id.* at 79.

⁷⁸ *Id.* at 7.

⁷⁹ *Id.*

⁸⁰ *Id.* at 129-134. The Decision was signed by Chairperson Michael G. Aguinaldo and Commissioners Jose A. Fabia and Isabel D. Agito.

⁸¹ *Id.* at 133.

⁸² *Id.* at 8.

⁸³ *Id.* at 156.

Name	Position/Designation	Nature of Participation in the Transaction
1. Tomas R. Escarez	Regional Director	For approving the transaction; certifying that a) charges to budget were necessary, lawful and under his direct supervision and b) supporting documents are valid, proper and legal.
2. Rosie M. Igno	Regional Accountant	For certifying to the completeness of supporting documents
3. The 36 employee recipients listed in Annex A		For receiving Food Incentive Allowance ⁸⁴

They appealed, but it was denied.⁸⁵ They filed a Petition for Review before the Commission on Audit Proper,⁸⁶ but this was denied on December 27, 2016, through COA Decision No. 2016-437.⁸⁷ The dispositive portion reads:

WHEREFORE, premises considered, the Petition for Review of Mr. Tomas R. Escarez, Regional Director, et al., all of National Food Authority (NFA)-Regional Office No. IV, Batangas City, of Commission on Audit Corporate Government Sector-5 Decision No. 2014-006 dated August 11, 2014, is DENIED for lack of merit. Accordingly, Notice of Disallowance (ND) No. 2013-001 (2012) RIV dated April 12, 2013 on the payment of Food and Grocery Incentives to its officials and employees for calendar year 2012 in the total amount of P705,000.00 is AFFIRMED.

The Audit Team Leader and Supervising Auditor are directed to issue a Supplemental ND to the members of the NFA Council who authorized the grant of the Food and Grocery Incentives.⁸⁸

They filed a Motion for Reconsideration, but it was denied through on October 26, 2017.⁸⁹

Thus, all the concerned officials and employees filed a Petition for Certiorari.⁹⁰

⁸⁴ *Id.* at 156.

⁸⁵ *Id.* at 8.

⁸⁶ *Id.* at 8-9.

⁸⁷ *Id.* at 207-215. The Decision was signed by Commission on Audit Chair Michael G. Aguinaldo and Commissioners Jose A. Fabia and Isabel D. Agito.

⁸⁸ *Id.* at 214.

⁸⁹ *Id.* at 9.

⁹⁰ *Id.* at 3.

G.R. No. 237585

Petitioners in G.R. No. 237585 are officials and employees of the National Food Authority-Laguna Provincial Office, represented by Fe M. Sangalang, its assistant provincial manager.⁹¹

Petitioners received two Notices of Disallowance, both dated July 24, 2011, for the grant of food and grocery incentives. Notice of Disallowance No. 2011-001(2009) disallowed the amount of ₱680,000.00, while Notice of Disallowance No. 2011-05(2010) disallowed ₱700,000.00.⁹² The total disallowed amount was ₱1,380,000.00.⁹³

The officials held liable in both Notices of Disallowance No. 2011-001(2009) were:

Name	Position/Designation	Nature of Participation in the Transaction
1. Benedicto P. Asi	Provincial Manager	For approving all the transactions; certifying that a) charges to budget necessary, lawful and under his direct supervision; and b) supporting documents valid, proper and legal.
2. Rosita C. Deatras	S[enior] Accounting Specialist	For certifying to the completeness of supporting documents
3. The 34 employee recipients listed in Annex A	Various	For receiving Food & Grocery Incentive ⁹⁴

The officials held liable in both Notices of Disallowance No. 2011-005(2010) were:

Name	Position/Designation	Nature of Participation in the Transaction
1. Ramoncito H. Padilla	Provincial Manager	For approving all the transactions; certifying that a) charges to budget necessary, lawful and under his direct supervision and b) supporting documents valid, proper and

⁹¹ *Rollo* (G.R. No. 237585), pp. 3 and 5. Per the Petition, the named representative in the pleading's title, Alejo J. Tamayo, was already separated from service.

⁹² *Id.* at 41 and 45.

⁹³ *Id.* at 76.

⁹⁴ *Id.* at 41-42.

		legal.
2. Rosita C. Deatras	Senior Accounting Specialist	For certifying to the completeness of supporting documents
3. The 35 employee-recipients listed in Annex A	Various	For receiving Food & Grocery Incentive ⁹⁵

These concerned officials and employees appealed, but the Regional Director of the Commission on Audit Regional Office No. IV denied this.⁹⁶ The Commission on Audit Proper upheld the disallowance through COA Decision No. 2016-496⁹⁷ dated December 29, 2016. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, the Petition for Review of Mr. Alejo J. Tamayo, former Provincial Manager, et al., all of National Food Authority-Laguna Provincial Office, San Pablo City, is hereby DENIED for lack of merit. Accordingly, Commission on Audit Regional Office No. IV Decision No. 2013-05 dated January 11, 2013 and Notice of Disallowance Nos. 2011-001(2009) and 2011-005(2010), both dated July 24, 2011, on the payment of Food/Grocery Incentive for calendar years 2009 and 2010 in the total amount of P1,380,000.00 are AFFIRMED with MODIFICATION to the effect that the NFA officials who approved Resolution No. 226-2k5 should be included as persons liable.

The Audit Team Leader and the Supervising Auditor shall issue a Supplemental Notice of Disallowance to the members of the NFA Council which authorized the grant of the FGI.⁹⁸

The officials and employees filed a Motion for Reconsideration, but it was denied. Hence, they filed a Petition for Certiorari.⁹⁹

G.R. No. 237698

Petitioners in G.R. No. 237698 are officials and employees of the National Food Authority-Occidental Mindoro Provincial Office, represented by Joseph M. Candava, former senior accounting specialist.¹⁰⁰ They had earlier received food and grocery incentives, but executed a Deed of Undertaking stating that, should the Commission on Audit disallow the amounts received, these would be deducted from their salaries.¹⁰¹

⁹⁵ *Id.* at 45-46.

⁹⁶ *Id.* at 77.

⁹⁷ *Id.* at 75-80-A. The Decision was signed by Chairperson Michael G. Aguinaldo and Commissioners Jose A. Fabia and Isabel D. Agito.

⁹⁸ *Id.* at 80.

⁹⁹ *Id.* at 6.

¹⁰⁰ *Rollo* (G.R. No. 237698), p. 5.

¹⁰¹ *Id.* at 76.

Later, they received Notice of Disallowance No. 13-001-GOF-(12), dated March 22, 2013, disallowing the payment of food and grocery incentives given in 2012, amounting to ₱1,210,000.00.¹⁰²

The following officials and employees were found to be liable:

Name	Position/Designation	Nature of Participation in the Transaction
1. Oscar Z. Servando	Officer-in-charge	Certified that charges to budget necessary, lawful and under his direct supervision and for approving payment.
2. Joseph M. Candava	Senior Accounting Specialist	Certified budget availability and funds earmarked/obligated to the purpose
3. Various Employees	[Various positions] See attached sheet.	Received the payment. ¹⁰³

They appealed the disallowance, but the Commission on Audit Regional Office No. IV-B denied it.¹⁰⁴ The Commission on Audit Proper also affirmed the disallowance through COA Decision No. 2016-382.¹⁰⁵

The dispositive portion of COA Decision No. 2016-382 reads:

WHEREFORE, premises considered, the Petition for Review is hereby DENIED for lack of merit. Accordingly, Corporate Government Sector-5 Decision No. 2014-006 dated August 11, 2014 sustaining Notice of Disallowance (ND) No. 13-001-GOF-(12) dated March 22, 2013 on the payment of food and grocery incentive (FGI) to the officers and employees of National Food Authority (NFA) – Occidental Mindoro Provincial Office, San Jose, Occidental Mindoro, for calendar year 2012 amounting to ₱1,210,000.00 is AFFIRMED.

The Supervising Auditor and the Audit Team Leader shall issue a Supplemental ND to the members of the NFA Council who authorized the grant of the FGI.¹⁰⁶

¹⁰² *Id.* at 34.

¹⁰³ *Rollo* (G.R. No. 237698) p. 34.

¹⁰⁴ *Id.* at 75.

¹⁰⁵ *Id.* at 75-83. The Decision was signed by Chairperson Michael G. Aguinaldo and Commissioners Jose A. Fabia and Isabel D. Agito.

¹⁰⁶ *Id.* at 82.

The concerned officials and employees filed a Motion for Reconsideration, but it was denied on October 26, 2017. Thus, they filed as Petition for Certiorari.¹⁰⁷

G.R. No. 237841

Petitioners are officials and employees of the National Food Authority-Regional Office No. I, San Juan, La Union.¹⁰⁸ They received Notice of Disallowance No. 14-001-106(2012) dated February 10, 2014, disallowing the food and grocery incentives for 2012 amounting to ₱610,000.00.¹⁰⁹

The following were held liable in the Notice of Disallowance:

NAME	POSITION/DESIGNATION	PARTICIPATION
Piolito C. Santos	Former Regional Director	Approved the payment
Lolita O. Sanedrin	Senior Accounting Specialist	Certified as to the completeness of the supporting documents and the availability of funds
Eleanor A. Andres, et al.	[Officers and employees of NFA Regional Office No. I]	Received the Food/Grocery Incentive ¹¹⁰

They appealed the disallowance, but this was denied.¹¹¹ They then filed a Petition for Review, but this was likewise denied by the Commission on Audit Proper through COA Decision No. 2016-438,¹¹² dated December 27, 2016, thus:

WHEREFORE, premises considered, the Petition for Review of Mr. Carlito G. Co, Regional Manager, et al., all of National Food Authority-Regional Office No. 1, San Juan, La Union, of Commission on Audit Corporate Government Sector-5 Decision No. 2014-012 dated September 23, 2014 is hereby DENIED for lack of merit. Accordingly, Notice of Disallowance (ND) No. 14-001-106(2012) on the payment of Food and Grocery Incentive (FGI) to its officials and employees for calendar year 2012 in the total amount of P610,000.00 is AFFIRMED.

The concerned Supervising Auditor is hereby directed to identify the members of the NFA Council who issued Resolution No. 226-2K5 and issue

¹⁰⁷ *Id.* at 5.

¹⁰⁸ *Rollo* (G.R. No. 237841) pp. 4-5.

¹⁰⁹ *Id.* at 56.

¹¹⁰ *Id.* In the Commission on Audit Decision, Piolito C. Santos's rank was named Regional Manager, not Regional Director.

¹¹¹ *Id.* at 130.

¹¹² *Id.* at 130-138. The Decision was signed by Chairperson Michael G. Aguinaldo and Commissioners Jose A. Fabia and Isabel D. Agito.

a supplemental ND against them.¹¹³

The concerned officials and employees filed a Motion for Reconsideration, but it was denied on October 26, 2017. Thus, they filed a Petition for Certiorari.¹¹⁴

G.R. No. 240593

Petitioners in G.R. No. 240593 are officials and employees of the National Food Authority-Laguna Provincial Office.¹¹⁵ They received Notice of Disallowance No. 2013-003 (2012), dated August 29, 2013, disallowing the food and grocery incentives for 2012 for a total of ₱760,000.00.¹¹⁶

The following officials were held liable for the disallowance:

NAME	POSITION/DESIGNATION	PARTICIPATION
Apolinario J. Buerano	Provincial Manager	For approving the transaction
Rosita C. Deatras	Senior Accounting Specialist	For certifying as to the availability of funds
Payees	Officers and employees of NFA-Laguna Provincial Office	For receiving the payment ¹¹⁷

The officials and employees appealed the disallowance, but this was denied.¹¹⁸ They then filed a Petition for Review, but the Commission on Audit Proper also denied this in COA Decision No. 2016-389¹¹⁹ dated November 21, 2016, thus:

WHEREFORE, premises considered, the Petition for Review of Mr. Apolinario J. Buerano, former Provincial Manager, et al., National Food Authority (NFA)-Laguna Provincial Office, San Pablo City, Laguna, from Corporate Government Sector-5 Decision No. 2014-006 dated August 11, 2014, is DENIED. Accordingly, Notice of Disallowance (ND) No. 2013-003(2012) LGN dated August 29, 2013 on the payment to the agency officials and employees of food and grocery incentive for calendar year 2012, in the total amount of P760,000.00, is AFFIRMED.

¹¹³ *Id.* at 137.

¹¹⁴ *Id.* at 7-8.

¹¹⁵ *Rollo* (G.R. No. 240593), p. 21.

¹¹⁶ *Id.* at 115.

¹¹⁷ *Id.*

¹¹⁸ *Id.* at 114.

¹¹⁹ *Id.* at 114-122. The Decision was signed by Chairperson Michael G. Aguinaldo and Commissioners Jose A. Fabia and Isabel D. Agito.

The Supervising Auditor and the Audit Team Leader are directed to issue a Supplemental ND to the members of the NFA Council who authorized the grant of the food and grocery incentive.¹²⁰

The Commission on Audit Proper also denied the subsequent Motion for Reconsideration. Thus, the officials and employees filed a Petition for Certiorari.¹²¹

G.R. No. 240891

Petitioners in G.R. No. 240891 are officials and employees of the National Food Authority-Cagayan Provincial Office. They received Notice of Disallowance No. 2014-01-101, dated March 13, 2014, for the grant of food and grocery incentives in 2012 amounting to ₱985,000.00.¹²²

They appealed, but this was denied. On March 16, 2017, the Commission on Audit Proper also denied the appeal in COA Decision No. 2017-068,¹²³ the dispositive portion of which reads:

WHEREFORE, premises considered, the Petition for Review of Mr. Emmanuel L. Villanueva, Provincial Manager, National Food Authority (NFA) – Cagayan Provincial Office (CPO), Tuguegarao City, on behalf of the officials and employees of NFA-CPO, of Commission on Audit Corporate Government Sector-5 Decision No. 2014-022 dated November 25, 2014, is hereby DENIED for lack of merit. Accordingly, Notice of Disallowance No. 2014-01-101 dated March 31, 2014, on the payment of Food and Grocery Incentives to NFA-CPO officials and employees for calendar year 2012, in the amount of P985,000.00, is AFFIRMED.

The Audit Team Leader and the Supervising Auditor are directed to issue a Supplemental Notice of Disallowance to the members of the NFA Council who authorized the grant of the FGI.

The Prosecution and Litigation Office, Legal Services Sector, this Commission, is hereby directed to forward the case to the Office of the Ombudsman for investigation and filing of appropriate charges, if warranted, against the persons liable for the transaction.¹²⁴

The concerned officials and employees filed a Motion for Reconsideration, but it was denied on June 8, 2018. Hence, they filed a

¹²⁰ *Id.* at 121.

¹²¹ *Id.* at 21-23.

¹²² *Rollo* (G.R. No. 240891), p. 5.

¹²³ The COA Decision was not attached to the *rollo* for G.R. No. 240891. The Decision was signed by Chairperson Michael G. Aguinaldo and Commissioners Jose A. Fabia and Isabel D. Agito.

¹²⁴ The dispositive portion was culled from the Commission on Audit Legal Information Archive.

Petition for Certiorari.¹²⁵

G.R. No. 241717

Petitioners in G.R. No. 241717 are officials and employees of the National Food Authority-Regional Office No. VIII. They received Notice of Disallowance No. 2013-001-GOF(2012) dated August 29, 2013, disallowing the food and grocery incentives for 2012, amounting to ₱680,000.00.¹²⁶ The following officials and employees were found liable:

NAME	POSITION/ DESIGNATION	NATURE OF PARTICIPATION IN THE TRANSACTION
1. Vilma H. Zarraga	Regional Manager II	For approving payment of 2012 Year End Benefits (Food Incentive) For certifying in the BUR that charges to budget [were] necessary, lawful and under her supervision and supporting documents valid, proper and legal.
2. Ali M. Villamor	Accountant IV	For certifying supporting documents [as] complete and proper; and funds available
3. Sevilla D. Lumagod	Budget Officer III	For certifying in the BUR budget available and earmarked for the purpose.
4. Rebecca R. Ada	Administrative Officer IV	For certifying payroll correct.
5. All payees/employees who received P20,000.00 each:		[As individual payee in the payroll] ¹²⁷

They appealed the disallowance, but was denied through CGS-5 Decision No. 2014-012.¹²⁸ They then filed a Petition for Review before the Commission on Audit Proper, but it denied their appeal on November 21, 2016 through COA Decision No. 2016-390.¹²⁹ The dispositive portion of the Decision reads:

WHEREFORE, premises considered, the Petition for Review of Mr. Rolando M. Maravilla, Acting Regional Manager, et al., National Food

¹²⁵ *Rollo* (G.R. No. 240891), pp. 5-6.

¹²⁶ *Rollo* (G.R. No. 241717), pp. 4-5.

¹²⁷ *Id.* at 32.

¹²⁸ *Id.* at 4-5.

¹²⁹ *Id.* at 94-102. The Decision was signed by Chair Michael G. Aguinaldo, and Commissioners Jose A. Fabia and Isabel D. Agito.

Authority Regional Office No. VIII, Palo, Leyte, of Corporate Government Sector-5 Decision No. 2014-012 dated September 23, 2014, is DENIED for lack of merit. Accordingly, Notice of Disallowance (ND) No. 2013-001-GOF(2012) dated August 29, 2013 on the payment of Food and Grocery Incentive for calendar year 2012 in the total amount of P680,000.00 is hereby AFFIRMED.

The Supervising Auditor is directed to issue a Supplemental ND to the members of the NFA Council who authorized the grant of the food and grocery incentive.¹³⁰

The officials and employees filed a Motion for Reconsideration, but it was denied on June 8, 2018. Thus, they filed a Petition for Certiorari.¹³¹

G.R. No. 249689

Petitioners in G.R. No. 249689 are officials and employees of the National Food Authority-Ilocos Norte Provincial Office, Ilocos Sur Provincial Office, Eastern Pangasinan Provincial Office, Western Pangasinan Provincial Office, Benguet Provincial Office, Kalinga Provincial Office, and Southern Leyte Provincial Office.

Those in the Ilocos Norte Provincial Office received Notice of Disallowance No. 14-001-106(2012) dated February 10, 2014, disallowing the food and grocery incentives for 2012 for ₱720,000.00.¹³²

The following officials and employees were found liable:

Name	Position/Designation	Nature of Participation in the Transaction
Beverlyn P. Peralta, Ph. D.	Provincial Manager	Approved the Payment
Roshel G. Ilacas	Senior Accounting Specialist	Certified as to the completeness of the supporting documents and the availability of funds
Diana Marie G. Agustin, et al.		Received the Food/Grocery Incentive ¹³³

Those in the Ilocos Sur Provincial Office received Notice of Disallowance No. 14-001-106(2012), dated February 10, 2014, disallowing

¹³⁰ *Id.* at 101-101-A.

¹³¹ *Id.* at 5.

¹³² *Rollo* (G.R. No. 249689), p. 121.

¹³³ *Id.*

the food and grocery incentives for 2012 totaling ₱580,000.00.¹³⁴

The following officials and employees were found liable:

Name	Position/Designation	Nature of Participation in the Transaction
Engr. Fortunato B. Bulao	Provincial Manager	Approved the Payment
Maria C. Cortez	Senior Accounting Specialist	Certified as to the completeness of the supporting documents and the availability of funds
Eunice T. Abalos, et al.		Received the Food/Grocery Incentive ¹³⁵

Meanwhile, the officials and employees of the Eastern Pangasinan Provincial Office received Notice of Disallowance No. EP-14-01(2013), dated February 4, 2014, disallowing the 2012 food and grocery incentives for ₱800,000.00.¹³⁶

The following officials and employees were found liable:

Name	Position/Designation	Nature of Participation in the Transaction
Ramon B. Cuaresma	Provincial Manager	Approved the payment
Emely A. Ducusin	SAS	Certified that supporting documents are complete
NFA-EPGS 40 employees	Various	Received the FGI CY 2012 ¹³⁷

As for the officials and employees of the Western Pangasinan Provincial Office, they received Notice of Disallowance No. 14-01-(2012), dated February 5, 2014, disallowing the food and grocery incentives for 2012 totaling ₱760,000.00.¹³⁸ The following officials and employees were found liable:

Name	Position/Designation	Nature of Participation in the transaction
Rolando S. Rufo	Provincial Manager	Approved the payment
Virginia S. Mariano	SAS	Certified that supporting documents are complete

¹³⁴ *Id.* at 147.

¹³⁵ *Id.*

¹³⁶ *Id.* at 200.

¹³⁷ *Id.*

¹³⁸ *Id.* at 239.

NFA-WPGS 38 employees	Various	Received the FGI CY 2012 ¹³⁹
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The officials and employees of the Benguet Provincial Office received Notice of Disallowance No. BPO-14-01-(2012), dated January 24, 2014, disallowing the food and grocery incentives for 2012 amounting to ₱480,000.00.¹⁴⁰

The following officials and employees were found liable:

Name	Position/Designation	Nature of Participation in the transaction
Cecilia A. Concubierta	Provincial Manager	Approved the payment
Reynald P. Rivera	SAS	Certified that supporting documents are complete
NFA-BPO 24 employees	Various	Received the FGI CY 2012 ¹⁴¹

The officials and employees of the Kalinga Provincial Office received Notice of Disallowance No. 2014-01-101, dated March 31, 2014, disallowing the FGI for 2012 amounting to ₱545,000.00.¹⁴²

The following officials and employees were found liable:

Name	Position/Designation	Nature of Participation in the Transaction
Mr. Henry H. Tristeza, ASEAN Engr.	Provincial Manager	Approved the payment
Ms. Jennelyn G. Pasay-an	Senior Accounting Specialist	Certified supporting documents complete and proper
Various Payees		Received the payment ¹⁴³

The officials and employees of the Batangas Provincial Office received Notice of Disallowance No. 2013-002(2012)BPO, dated April 12, 2013, disallowing the food and grocery incentives for 2012 worth ₱1,080,000.00.¹⁴⁴ The following were found liable:

¹³⁹ *Id.*

¹⁴⁰ *Id.* at 279.

¹⁴¹ *Id.*

¹⁴² *Id.* at 337.

¹⁴³ *Id.*

¹⁴⁴ *Id.* at 358.

Name	Position/Designation	Nature of Participation in the Transaction
1. Atty. Edward A. Damian	Provincial Manager	For approving the transactions; certifying that a) charges to budget necessary, lawful and under his direct supervision and b) supporting documents valid, proper and legal.
2. Rebecca H. Andal	Senior Acctg. Specialist	For certifying to the completeness of supporting documents
3. The 54 employee recipients listed in Annex A		For receiving Food/Grocery Incentive Allowance (CY 2012) ¹⁴⁵

The officials and employees of the Southern Leyte Provincial Office received Notice of Disallowance No. 2013-001-GOF(2012), dated August 28, 2013, disallowing the food and grocery incentives for 2012 amounting to ₱560,000.00.¹⁴⁶

The following officials and employees were found liable:

Name	POSITION/DESIGNATION	NATURE OF PARTICIPATION IN THE TRANSACTION
1. Nicandro, Isagani T.	Provincial Manager	For approving payment of Grocery Allowance for CY 2012
2. Ediltrudes J. Lao	Senior Accounting Analyst	For certifying funds available
3. Lorna S. Ordiz	Administrative Officer III	For certifying payroll is correct
4. All payees/employees who received P20,000.00 each		[As payees in the payroll] ¹⁴⁷

The officials and employees of Eastern Samar Provincial Office also received Notice of Disallowance No. 2013-001-GOF(2012) dated August 29, 2013, amounting to ₱530,000.00.¹⁴⁸ All these Notices of Disallowance were appealed, but were denied.¹⁴⁹

¹⁴⁵ *Id.*

¹⁴⁶ *Id.* at 399.

¹⁴⁷ *Id.* at 400.

¹⁴⁸ *Id.* at 776.

¹⁴⁹ *Id.* at 29-32.

Separate Petitions for Review were filed before the Commission on Audit Proper, later consolidated for involving the same facts and issues. The consolidated Petitions were all denied through COA Decision No. 2018-115.¹⁵⁰ The dispositive portion of the Decision states:

WHEREFORE, premises considered, the consolidated Petitions for Review of the National Food Authority (NFA) Provincial Managers, namely:

1. Ms. Beverlyn Peralta, Ilocos Norte
2. Mr. Fortunato B. Bulao, Ilocos Sur
3. Mr. Ramon B. Cuaresma, Eastern Pangasinan
4. Mr. Ronaldo S. Rufo, Western Pangasinan
5. Ms. Cecilia A. Concubiarta, Benguet
6. Mr. Miguel S. Tecson, Kalinga
7. Mr. Roberto C. Gonzales, Batangas
8. Mr. Ruben M. Manatad, Eastern Samar
9. Mr. Zaldy C. Tan, Southern Leyte

in behalf of the officials and employees in their respective NFA Provincial Offices, of Commission on Audit (COA) Corporate Government Sector (CGS)-Cluster 5 Decision Nos. 2014-012, 2015-001, and 2014-006 are hereby **DENIED** for lack of merit. Accordingly, the Notices of Disallowance (NDs) subject of the aforementioned COA CGS-Cluster 5 decisions on the payment of Food/Grocery Incentives to NFA-Provincial Offices['] officials and employees for calendar year 2012, in the total amount of P6,055,000.00, are **AFFIRMED**, as follows:

ND No./Date	NFA-PO	Amount
1. 14-001-106(2012) September 23, 2014	Ilocos Norte	P720,000.00
2. 14-001-106(2012) February 10, 2014	Ilocos Sur	580,000.00
3. EP-14-01(2013) February 4, 2014	Eastern Pangasinan	800,000.00
4. 14-01-(2012) February 5, 2014	Western Pangasinan	760,000.00
5. BPO-14-01-(2012) January 24, 2014	Benguet	480,000.00
6. 2014-01-101 March 31, 2014	Kalinga	545,000.00
7. 2013-002(2012) BPO April 12, 2013	Batangas	1,080,000.00
8. 2013-001-GOF(2012) August 29, 2013	Eastern Samar	530,000.00
9. 2013-001-GOF(2012) August 28, 2013	Southern Leyte	560,000.00
TOTAL		P6,055,000.00

¹⁵⁰ *Id.* at 776-786. The Decision was signed by Chairperson Michael G. Aguineldo and Commissioners Jose A. Fabia and Isabel D. Agito.

The Audit Team Leader and Supervising Auditor, NFA, Head Office, Quezon City, is directed to issue a Supplemental ND to the members of the NFA Council, who issued NFA Council Resolution No. 226-2K5 dated May 18, 2005.¹⁵¹

A Motion for Reconsideration was filed, but it was denied. Except for those in the Eastern Samar Provincial Office, all the concerned officials and employees filed a Petition for Certiorari.¹⁵²

G.R. No. 252355

Petitioners are officials and employees of the National Food Authority-Isabela Provincial Office, represented by Senior Accounting Specialist Ma. Luisa L. Luluquisen.¹⁵³ They received Notice of Disallowance No. 2014-001-101-(12), dated April 10, 2014, which disallowed the food and grocery incentives for 2012 for a total of ₱1,660,000.00.¹⁵⁴ The following were found liable:

Name	Position/Designation	Nature of Participation in the Transaction
Rocky L. Valdez	Provincial Manager	Approved the payment
Miguel S. Tecson	Administrative Officer III	Certified Charges to Budget [as] necessary, lawful and under his direct supervision
Ma. Luisa L. Luluquisen	Senior Accounting Specialist	Certified supporting documents [as] complete and budget available
Various payees		Received the FGI ¹⁵⁵

They filed an Appeal Memorandum, but it was denied in CGS-5 Decision No. 2014-020.¹⁵⁶ They filed a Petition for Review before the Commission on Audit Proper but the petition was denied through COA Decision No. 2018-398.¹⁵⁷ The dispositive portion reads:

WHEREFORE, premises considered, the Petition for Review is hereby DENIED for lack of merit. Accordingly, Commission on Audit Corporate Government Sector-Cluster 5 Decision No. 2014-020 dated

¹⁵¹ *Id.* at 784-785.

¹⁵² *Id.* at 33-35.

¹⁵³ *Rollo* (G.R. No. 252355), pp. 8-9.

¹⁵⁴ *Id.* at 46.

¹⁵⁵ *Id.*

¹⁵⁶ *Id.* at 6.

¹⁵⁷ *Id.* at 132-139. The Decision was signed by Chairperson Michael G. Aguinaldo, and Commissioners Jose A. Fabia and Roland C. Pondoc.

November 24, 2014, affirming Notice of Disallowance (ND) No. 2014-001-101-(12) dated April 10, 2014, on the payment of Food and Grocery Incentive (FGI) to the officers and employees of National Food Authority (NFA) – Isabela Provincial Office, Isabela, for calendar year 2012, amounting to P1,660,000.00, is AFFIRMED.

The Supervising Auditor is directed to evaluate the participation of the members of the NFA Council in approving the grant of FGI, and to issue a Supplemental ND, if warranted.¹⁵⁸

They filed a Motion for Reconsideration, but this was likewise denied on November 25, 2019. They thus filed a Petition for Certiorari.¹⁵⁹

G.R. No. 252357

Petitioners in G.R. No. 252357 are officials and employees of the National Food Authority-Laguna Provincial Office, Quezon Provincial Office, and the National Capital Region-South District Office.

Those in the Laguna Provincial Office received Notice of Disallowance No. 2012-01-101-(2011) dated July 24, 2012, which pertained to the food and grocery incentives for 2011 worth ₱740,000.00.¹⁶⁰ The following officials and employees were found liable:

Name	Position/Designation	Nature of Participation
Mr. Alejo J. Tamayo	Former Provincial Manager	For approving the payment
Ms. Rosita C. Deatras	Senior Accounting Specialist	For certifying to the completeness of supporting documents
All 37 employee-recipients	As listed in the ND	For receiving the FGI in 2011 ¹⁶¹

They filed an Appeal Memorandum, but this was denied.¹⁶² They then filed a Petition for Review before the Commission on Audit Proper, but this was also denied. The dispositive portion of COA Decision No. 2018-231¹⁶³ reads:

WHEREFORE, premises considered, the Petition for Review of Mr. Alejo J. Tamayo, Provincial Manager, et al., all of the National Food

¹⁵⁸ *Id.* at 138.

¹⁵⁹ *Id.* at 6-7.

¹⁶⁰ *Rollo* (G.R. No. 252357), pp. 7, 59.

¹⁶¹ *Id.* at 89-90.

¹⁶² *Id.* at 7.

¹⁶³ *Id.* at 88-95. The Decision was signed by Chair Michael G. Aguinaldo, and Commissioner Jose A. Fabia.

Authority (NFA)-Laguna Provincial Office, San Pablo City, Laguna, is hereby DENIED for lack of merit. Accordingly, Commission on Audit Corporate Government Sector-Cluster 5 Decision No. 2013-007 dated June 11, 2013 and Notice of Disallowance (ND) No. 2012-01-101-(2011) dated July 24, 2012, on the payment of Food and Grocery Incentive (FGI) to the officials and employees of NFA for calendar year 2011, in the total amount of P740,000.00, are AFFIRMED.

The Audit Team Leader is hereby instructed to issue a Supplemental ND for the members of the NFA Council who approved the Resolution granting the FGI to make them solidarily liable for the total disallowance of P740,000.00.¹⁶⁴

The officials and employees filed a Motion for Reconsideration, which was denied.¹⁶⁵

As for the officials and employees of the Quezon Provincial Office, they received Notices of Disallowance involving the food and grocery incentives for 2008, 2009, and 2011. Notice of Disallowance No. 12-001-(08), dated July 17, 2012, disallowed the amount of P615,000.00; Notice of Disallowance No. 12-002-(09), dated July 18, 2012, disallowed P580,000.00; while Notice of Disallowance No. 12-003-(11), dated July 19, 2012, disallowed P640,000.00.¹⁶⁶

The following officials and employees were found liable:

ND No.	Amount	Name of officers and positions	Nature of participation in the transaction
12-001-(08)	P615,000.00	Mr. Benedicto P. Asi-Provincial Manager	Approved the disbursement and payroll vouchers
		Ms. Ofelia A. Pasahol-Senior Accounting Specialist	Certified the supporting documents valid, legal, and proper
		Mr. Benedicto P. Asi, et al.	Payees/Recipients
12-002-(09)	580,000.00	Mr. Edward A. Damian-Provincial Manager	Approved the transaction
		Ms. Ofelia A. Pasahol-Senior Accounting Specialist	Certified the completeness of the supporting documents
		Ms. Lerma O. Velasco-Assistant Provincial Manager	Certified the supporting documents valid, legal, and proper
		Ms. Ma. Lewina A.	Certified the supporting

¹⁶⁴ *Id.* at 93-94.

¹⁶⁵ *Id.* at 8.

¹⁶⁶ *Id.*

		Tolentino-Administrative Officer III	documents valid, legal, and proper
		Mr. Edward A. Damian, et al.	Payees/Recipients
12-003-(11)	640,000.00	Mr. Ramoncito H. Padilla-Provincial Manager	Approved the payroll
		Ms. Ofelia A. Pasahol-Senior Accounting Specialist	Certified the supporting documents valid, legal, and proper
		Mr. Ramoncito H. Padilla, et al.	Payees/Recipients ¹⁶⁷

They filed their Appeal Memoranda, but these were denied by the Commission on Audit-Regional Office No. IV-A.¹⁶⁸ They later filed a Petition for Review before the Commission on Audit Proper, but this was denied through COA Decision No. 2018-215¹⁶⁹ dated March 9, 2018. The dispositive portion states:

WHEREFORE, premises considered, the Petition for Review of National Food Authority (NFA)-Quezon Provincial Office, represented by its Assistant Provincial Manager, Ms. Lerma O. Velasco, is DENIED for lack of merit. Accordingly, Commission on Audit Regional Office No. IV-A Decision No. 2014-47 dated June 19, 2014, and Notice of Disallowance (ND) Nos. 12-001-(08), 12-002-(09), and 12-003-(11) dated July 17, 2012, July 18, 2012, and July 19, 2012, respectively, on the payment of Food and Grocery Incentives (FGI) for calendar years 2008, 2009, and 2011, in the total amount of P1,835,000.00, are AFFIRMED.

The Audit Team Leader and Supervising Auditor shall verify the liability of the members of the NFA Council, who issued Resolution No. 226-2K5, being the source of authority in the grant of FGI, and issue a Supplemental ND, if warranted.¹⁷⁰

The Motion for Reconsideration was likewise denied on November 25, 2019.¹⁷¹

As for the South District Office, its officials and employees received Notice of Disallowance No. 2014-001-(2012), dated May 15, 2014, disallowing the food and grocery incentives for 2012 in the amount of ₱1,100,000.00.¹⁷² The following were found to be liable:

¹⁶⁷ *Id.* at 227.

¹⁶⁸ *Id.* at 211-214.

¹⁶⁹ *Id.* at 8, 225-235.

¹⁷⁰ *Id.* at 233-234.

¹⁷¹ *Id.* at 8-9.

¹⁷² *Rollo* (G.R. No. 252357), p. 446.

Name	Position/Designation	Participation
Jaime S. Hadlocon	Provincial Manager, SDO	Approved the payment
Pedro T. Muncada, Jr.	Assistant Provincial Manager, SDO	Certified that the charges to budget were necessary, lawful, and under his direct supervision
Bertinio M. Fortaleza	Senior Accounting Specialist	Approved funds are available
Felecidad G. Chan	Administrative Officer III	Certified that the listed NFA-SDO officials and employees were qualified and entitled to receive the FGI for CY 2012
Lagrimas M. Aguilar	Cashier III	Disbursed FGI to the officers and employees of NFA-SDO
Various payees	Officers and employees of NFA-SDO	Received the FGI ¹⁷³

They filed an Appeal Memorandum, but this was denied.¹⁷⁴ Their Petition for Review before the Commission on Audit Proper was likewise denied in COA Decision No. 2018-292¹⁷⁵ dated March 15, 2018. The dispositive portion reads:

WHEREFORE, premises considered, the Petition for Review of concerned official and employees of the National Food Authority (NFA)-South District Office, Taguig City, represented by Mr. Roberto S. Musngi, in his capacity as Manager, of Commission on Audit Corporate Government Sector-Cluster 5 Decision No. 2014-006 dated August 11, 2014, is DENIED for lack of merit. Accordingly, Notice of Disallowance (ND) No. 2014-001(2012) dated May 15, 2014, on the payment of Food and Grocery Incentive (FGI) to the agency officials and employees for calendar year 2012, in the total amount of P1,100,000.00, is AFFIRMED. Moreover, Ms. Lagrimas M. Aguilar, Cashier III, shall remain liable only to the extent of the amount she received as payee and not solidarily liable for the entire disallowance.

The Supervising Auditor is directed to evaluate the participation of the members of the NFA Council in approving the grant of FGI, and to issue a Supplemental ND, if warranted.¹⁷⁶

The Motion for Reconsideration was also denied. Thus, a Petition for

¹⁷³ *Id.*

¹⁷⁴ *Id.*

¹⁷⁵ *Id.* at 445-452. The Decision was signed by Chair Michael G. Aguinaldo, and Commissioner Jose A. Fabia. The page containing the dispositive portion is missing in the *rollo*.

¹⁷⁶ The dispositive portion missing in the *rollo* was culled from the Commission on Audit Legal Information Archive.

Certiorari was filed.¹⁷⁷

In all its questioned rulings, the Commission on Audit has consistently affirmed the disallowance of food and grocery incentives as their grant lacked legal basis.¹⁷⁸

The Commission on Audit explained that save for those expressly exempted, Republic Act No. 6758 mandated that all allowances, including food and grocery incentives, would already be deemed “integrated into the standardized salary rates.”¹⁷⁹ It also cited Department of Budget and Management (DBM) Budget Circular No. 16, which proscribed the grant of food and grocery incentives except when authorized by an administrative order.¹⁸⁰ The National Food Authority grounded the incentive grant only on President Estrada’s approval and President Macapagal-Arroyo’s Memorandum, and OGCC Opinion No. 219, among others. To the Commission on Audit, these did not form the authority required by law.¹⁸¹

On the argument that the disallowance was a diminution of benefits, the Commission on Audit explained that the good-faith defense only applied to benefits not integrated into the standardized salary rate and were given to employees as of July 1, 1989. Since the benefits given in these cases were granted only since 1998, the recipients could not have been entitled in the first place, which means that there was no diminution of benefits. Following the rule on *solutio indebiti*, they were bound to return the disallowed amounts.¹⁸²

As for the good-faith defense, the Commission on Audit held that the recipients lacked good faith since the food and grocery incentives had previously been disallowed. Moreover, they issued Deeds of Undertaking that authorized the deduction of benefits from their salaries should the food and grocery incentives be disallowed.¹⁸³

The Petitions now before this Court against public respondent Commission on Audit were separately filed between 2018¹⁸⁴ and 2020.¹⁸⁵ They involve various Notices of Disallowance issued to provincial and regional offices of the National Food Authority, encompassing food and

¹⁷⁷ *Rollo* (G.R. No. 252357), pp. 10–11.

¹⁷⁸ *Rollo* (G.R. Nos. 237552 & 237562–63), p. 131.

¹⁷⁹ *Id.*

¹⁸⁰ *Rollo* (G.R. No. 236503), p. 108.

¹⁸¹ *Rollo* (G.R. Nos. 237552 & 237562–63), p. 131–132.

¹⁸² *Id.* at 132.

¹⁸³ *Rollo* (G.R. No. 236503), p. 108.

¹⁸⁴ Year of filing of G.R. No. 236282, the lowest-numbered petition among these consolidated petitions.

¹⁸⁵ Year of filing of G.R. No. 252357, the highest-numbered petition among these consolidated petitions.

grocery incentives for several years.

The Commission on Audit was required to comment only in G.R. Nos. 236503,¹⁸⁶ 240593,¹⁸⁷ 249689,¹⁸⁸ 241717,¹⁸⁹ and 252357.¹⁹⁰ However, since the issues in these consolidated Petitions are similar, and the Commission on Audit is the sole respondent, the Comments it filed would likewise address the issues raised in the other Petitions. Petitioners in G.R. Nos. 237549, 237550, 237551, and 249689¹⁹¹ were required to file their reply.

Petitioners in these consolidated cases raise similar arguments.

First, they say that the grant of food and grocery incentives is supported by the approval given by President Estrada in 1998 and the Memorandum of President Macapagal-Arroyo, through Secretary Ricardo L. Saludo, in 2003.¹⁹²

Petitioners cite Section 4.5 of DBM Budget Circular No. 16, which states that “all agencies are prohibited from granting food, rice, gift checks or any other form of incentives/allowances except those authorized via Administrative Order by the Office of the President.”¹⁹³ DBM Budget Circular No. 16 was issued to implement Republic Act No. 6758, or the Compensation and Position Classification Act. Petitioners say that the two presidents’ issuances are administrative orders in accordance with the statute and the circular.¹⁹⁴

Second, petitioners say that the National Food Authority Council’s approval of Resolution No. 226-2K5 also justifies the validity of the food and grocery incentives’ grant.¹⁹⁵

¹⁸⁶ *Rollo* (G.R. No. 236503), pp. 144–146.

¹⁸⁷ *Rollo* (G.R. No. 240593), pp. 96–98.

¹⁸⁸ *Rollo* (G.R. No. 249689), pp. 884–885.

¹⁸⁹ *Rollo* (G.R. No. 241717), pp. 135–136.

¹⁹⁰ *Rollo* (G.R. No. 252357), pp. 381–383.

¹⁹¹ *Rollo* (G.R. No. 249689), pp. 939–940.

¹⁹² *Rollo* (G.R. No. 236282), p. 17; *rollo* (G.R. No. 236503), p. 16; *rollo* (G.R. No. 237585), pp. 13–14; *rollo* (G.R. No. 237698), pp. 12–13; *rollo* (G.R. No. 237841), pp. 15–17; *rollo* (G.R. No. 240593), pp. 29–30; *rollo* (G.R. No. 240891), pp. 13–15.

¹⁹³ *Rollo* (G.R. No. 236282), p. 20; *rollo* (G.R. No. 236503), p. 16; *rollo* (G.R. No. 237585), p. 15; *rollo* (G.R. No. 237698), p. 15; *rollo* (G.R. No. 237841), p. 17.

¹⁹⁴ *Rollo* (G.R. No. 236282), p. 20; *rollo* (G.R. No. 236503), pp. 15–16; *rollo* (G.R. No. 237585), pp. 15–16; *rollo* (G.R. No. 237698), p. 15; *rollo* (G.R. No. 237841), pp. 17–18; *rollo* (G.R. No. 240593), p. 31; *rollo* (G.R. No. 240891), p. 17.

¹⁹⁵ *Rollo* (G.R. No. 236282), pp. 16–17; *rollo* (G.R. No. 236503), p. 16; *rollo* (G.R. No. 237585), p. 16; *rollo* (G.R. No. 237698), p. 15; *rollo* (G.R. No. 237841), p. 15; *rollo* (G.R. No. 240593), p. 28; *rollo* (G.R. No. 240891), p. 13.

Third, petitioners argue that the food and grocery incentives have been granted since 1995,¹⁹⁶ and thus, can be considered benefits traditionally given that can no longer be disallowed without violating the principle of equity.¹⁹⁷ Petitioners cite¹⁹⁸ *National Tobacco Administration v. Commission on Audit*,¹⁹⁹ where it was held that “disallowing the [educational assistance], where funds are available as in the case under consideration, would be violative of the principle of equity.”²⁰⁰ Petitioners say that the disallowance also violates the principle of non-diminution of benefits.²⁰¹

Fourth, petitioners argue that the grant of the food and grocery incentives as a traditionally given benefit is supported by OGCC Opinion No. 219, which states that it is “in the form of gift cheques as traditionally done during Christmas season is in order.”²⁰²

Fifth, assuming that the incentives were properly disallowed, petitioners invoke the ruling in *Escarez v. Commission on Audit*,²⁰³ where this Court ruled that there was no need for the employees to return the benefits and incentives received in good faith.²⁰⁴

In its Comments filed in G.R. Nos. 236503, 237549, 237550, 237551, 241717, 249689, and 252357 through the Office of the Solicitor General, the Commission on Audit raises similar arguments.

First, it maintains that there was no grave abuse of discretion on its part since the grant of food and grocery incentives had no legal basis.²⁰⁵ It notes that President Estrada’s approval of the grant of food assistance and emergency allowance in 1998 is not an administrative order. Under the Administrative Code, administrative orders refer to issuances by the president, as administrative head, relating to certain aspects of governmental

¹⁹⁶ *Rollo* (G.R. No. 237841), pp. 18–20; *rollo* (G.R. No. 240593), p. 33–35; *rollo* (G.R. No. 240891), p. 18.

¹⁹⁷ *Rollo* (G.R. No. 236282), pp. 21–22; *rollo* (G.R. No. 236503), pp. 18–20; *rollo* (G.R. No. 237585), pp. 17; *rollo* (G.R. No. 237698), pp. 16–17; *rollo* (G.R. No. 237841), pp. 18–20; *rollo* (G.R. No. 240593), p. 34; *rollo* (G.R. No. 240891), pp. 18–19.

¹⁹⁸ *Rollo* (G.R. No. 236282), pp. 22–23; *rollo* (G.R. No. 236503), p. 20; Petition for Certiorari (G.R. No. 237585), pp. 18–19; *rollo* (G.R. No. 237698), p. 18; *rollo* (G.R. No. 237841), pp. 19–20; *rollo* (G.R. No. 240593), pp. 34–35; *rollo* (G.R. No. 240891), p. 19.

¹⁹⁹ 370 Phil 793 (1999) [Per J. Purisima, *En Banc*].

²⁰⁰ *Id.* at 810.

²⁰¹ *Rollo* (G.R. No. 237841), pp. 28–29; *rollo* (G.R. No. 240593), pp. 41–42; *rollo* (G.R. No. 240891), pp. 27–28.

²⁰² *Rollo* (G.R. No. 236282), p. 22. See also *rollo* (G.R. No. 236503), pp. 14–15; *rollo* (G.R. No. 237585), p. 18; *rollo* (G.R. No. 237698), p. 15; *rollo* (G.R. No. 237841), pp. 18–19; *rollo* (G.R. No. 240593), pp. 33–34; *rollo* (G.R. No. 240891), pp. 18–19.

²⁰³ G.R. Nos. 217818 et al., May 31, 2016 [Unsigned Resolution, *En Banc*].

²⁰⁴ *Rollo* (G.R. No. 236503) p. 25.

²⁰⁵ *Rollo* (G.R. No. 237549), pp. 229–238, 249–253; *rollo* (G.R. No. 237550), p. 322; *rollo* (G.R. No. 241717), pp. 146–147.

operations.²⁰⁶ The grant of food and grocery incentives, says the Commission on Audit, cannot be considered a matter relating to governmental operations since it is only of temporary interest; that is, only for 1998.²⁰⁷

Likewise, it says that President Macapagal-Arroyo's Memorandum appears to be only for 2003, as she even specified that the yearend bonus shall not be more than ₱5,000.00, contrary to the ₱20,000.00 granted as food and grocery incentives.²⁰⁸

The Commission also claims that since NFA Council Resolution No. 226-2K5 was not authorized by the president or by Congress, it is not a valid justification for the grant of the food and grocery incentives.²⁰⁹ Similarly, OGCC Opinion No. 219 does not justify the grant, it being based on Republic Act No. 6758, whose implementation is vested in the Department of Budget and Management. It asserts that the opinion cannot circumvent the provisions of the statute and the budget circular.²¹⁰

The grant of food and grocery incentives violates Section 12 of Republic Act No. 6758,²¹¹ which 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.

Existing additional compensation of any national government official or employee paid from local funds of a local government unit shall be absorbed into the basic salary of said official or employee and shall be paid by the National Government.

The Commission on Audit adds that the National Food Authority also violated the Section 15(d) of the General Appropriations Act of 1999, which

²⁰⁶ G.R. No. 236503, Comment, p. 7; *rollo* (G.R. No. 237549), pp. 233-235, 252-253; *rollo* (G.R. No. 237550), pp. 322-323; *rollo* (G.R. No. 252357), p. 488.

²⁰⁷ *Rollo* (G.R. No. 237549), pp. 233-234, 253; *rollo* (G.R. No. 252357), p. 488.

²⁰⁸ *Rollo* (G.R. No. 236503), p. 212; *rollo* (G.R. No. 252357), p. 489.

²⁰⁹ *Rollo* (G.R. No. 237550), p. 319; *rollo* (G.R. No. 237549), 255; *rollo* (G.R. No. 241717), p. 147-151.

²¹⁰ *Id.* at 324. The same argument is raised in the separate Comments for G.R. Nos. 237549 and 237551.

²¹¹ *Rollo* (G.R. No. 237549), p. 230, 256-257; *rollo* (G.R. No. 237550), p. 319; *rollo* (G.R. No. 252357), pp. 486-488.

prohibits the payment of honoraria, allowances, or other forms of compensation to any government official or employee, except when specifically authorized by law; paragraph 4.5 of DBM Budget Circular No. 16, which prohibits the grant of food, rice, gift checks, or any other form of incentives or allowances, except those authorized through an administrative order by the Office of the President; and Section 33 of the Civil Service Decree, which requires the incentive awards system to be administered under such rules, regulations, and standards as may be promulgated by the Civil Service Commission.²¹²

The Commission on Audit also claims that since petitioners were never entitled to receive food and grocery incentives, their argument that the disallowance means a diminution of benefits will not hold.²¹³ It asserts that *National Tobacco Administration* does not apply because the food and grocery incentives were granted after Republic Act No. 6758 had been passed,²¹⁴ and cannot be considered as a “traditional benefit[.]”²¹⁵ Instead, *Metropolitan Waterworks and Sewerage System v. Commission on Audit*²¹⁶ is instructive that allowances form part of the standardized salary, “unless excluded by law or by an issuance by [the Department of Budget and Management.]”²¹⁷

The Commission on Audit also argues that petitioners were not in good faith, saying that Notices of Disallowance were issued for the food and grocery incentives released in years past.²¹⁸ Moreover, petitioners’ lack of good faith is allegedly shown by the Deeds of Undertaking they undertook.²¹⁹ These documents authorized salary deductions in case the food and grocery incentives would be disallowed.²²⁰ This indicates that petitioners were aware of the irregularity of the expenditure.²²¹ None of the petitioners, says the Commission, refuted the Deeds of Undertaking.²²²

Specifically for G.R. Nos. 237549 and 237550, the Commission on Audit argues that the Petitions should be dismissed due to procedural infirmities such as the failure to attach copies of NFA Council Resolution No. 226-2K5, NFA Memorandum No. AO-2K7-02-024, the December 8, 1998

²¹² *Rollo* (G.R. No. 236503), pp. 215–216. See also *rollo* (G.R. No. 241717), pp. 148–151.

²¹³ *Rollo* (G.R. No. 237549), p. 235, 263–264, 270–271; *rollo* (G.R. No. 237550), p. 324; *rollo* (G.R. No. 241717), pp. 152–153.

²¹⁴ *Rollo* (G.R. No. 237549), 263–264; *rollo* (G.R. No. 241717), p. 152.

²¹⁵ *Rollo* (G.R. No. 237550), p. 324; *rollo* (G.R. No. 237549), 263–264; *rollo* (G.R. No. 241717), p. 151.

²¹⁶ 821 Phil. 117 (2017) [Per J. Bersamin, *En Banc*].

²¹⁷ *Rollo* (G.R. No. 237550), p. 320. The same case was cited in the Comments for G.R. Nos. 237549 and 237551.

²¹⁸ *Rollo* (G.R. No. 237550), p. 325.

²¹⁹ *Rollo* (G.R. No. 252357), p. 492. The Commission on Audit noted in its Comments for the other Petitions that all recipients executed Deeds of Undertaking.

²²⁰ *Id.*

²²¹ *Id.* at 492–493.

²²² *Id.* at 493. See also *rollo* (G.R. No. 241717), p. 154.

Letter of the National Food Authority Administrator, President Macapagal-Arroyo's Memorandum, and OGCC Opinion No. 219.²²³

Petitioners in G.R. Nos. 237549, 237550, and 237551 filed a Consolidated Reply.²²⁴

On the procedural matter, petitioners argue that the lack of attachments was due to mere inadvertence,²²⁵ and in any case, it was remedied when petitioners filed their Reply with Attachments in both G.R. Nos. 237549 and 237550, as noted by this Court on August 28, 2018.²²⁶ Moreover, they say that the documents “were already presented, evaluated, discussed[,] and appreciated” in *Escarez*.²²⁷ Since they have become part of jurisprudence, petitioners argue, they should have been taken notice as the same documents were adjudicated in *Escarez*.²²⁸

On the substantive issues, petitioners argue that they are in good faith, saying that they only signed the Deeds of Undertaking as a precondition for the release of their food and grocery incentives. They raise that they are unfamiliar with its legal consequences.²²⁹

Petitioners who approved the payment of food and grocery incentives also argue that they should not be held personally liable for the disallowed benefits. They point out that they were not the actual “approving officials” that granted the incentives, but the National Food Authority Council members.²³⁰

Petitioners cite the manifestation and motion filed by the Office of the Solicitor General in *Wycoco*, where it advocated that the recipients believed that they were entitled to the food and grocery incentives and the approving officials honestly believed that there was legal basis to support the grant.²³¹

Petitioners in G.R. No. 249689 filed a Reply,²³² reiterating that the National Food Authority employees should not be required to return the

²²³ *Rollo* (G.R. No. 237549), pp. 227–229; *rollo* (G.R. No. 237550), pp. 316–318.

²²⁴ *Rollo* (G.R. No. 237550), pp. 386–405.

²²⁵ *Id.* at 387–389.

²²⁶ *Id.* at 389.

²²⁷ *Id.* at 393.

²²⁸ *Id.*

²²⁹ *Id.* at 398.

²³⁰ *Id.* at 400–401.

²³¹ *Id.* at 402.

²³² *Rollo* (G.R. No. 249689), pp. 972–981.

benefits received, citing *Escarez* and *Wycoco*.²³³ They add that “the non-refund of the disallowed [food and grocery incentives] would be a great financial comfort to the recipients . . . especially during this time of [the COVID-19] pandemic[.]”²³⁴ They pray that this Court grant the Petition with compassion.²³⁵

Based on the arguments raised by the parties, the issues for this Court’s resolution are:

first, whether or not the Commission on Audit gravely abused its discretion when it upheld the Notices of Disallowance; and

second, whether or not the Commission on Audit gravely abused its discretion when it required the officials and employees of the National Food Authority to refund the food and grocery incentives even though they were allegedly received in good faith.

This Court dismisses the Petitions in G.R. Nos. 236503, 237550, 237698, 237841, 240593, and 241717.

This Court partially grants the Petitions in G.R. Nos. 236282, 237549, 237551, 237552 and 237562–63, 237585, 240891, 249689, 252355, and 252357.

I

The Commission on Audit is a constitutional body tasked to “examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property, owned or held in trust by, or pertaining to, the [g]overnment, or any of its subdivisions, agencies, or instrumentalities, including government-owned or controlled corporations with original charters[.]”²³⁶ It is also tasked to prevent irregular, unnecessary, excessive, or extravagant expenditures and granted the power to disallow such expenditures.²³⁷

The grant of food and grocery incentives has no legal basis. On this

²³³ *Id.* at 975.

²³⁴ *Id.* at 979.

²³⁵ *Id.*

²³⁶ CONST., art. IX-D, sec. 2(1).

²³⁷ CONST., art. IX-D, sec. 2(2). *See also* Presidential Decree No. 1445, Sec. 33. Government Auditing Code of the Philippines.

ground, the Commission on Audit committed no grave abuse of discretion when it upheld the Notices of Disallowance issued by its auditors to the various offices of the National Food Authority.

National Tobacco Administration v. Commission on Audit,²³⁸ which petitioners frequently cited, does not apply. The questioned benefit in that case, educational assistance, had legal basis. This Court held that the benefit was covered by Section 12 of Republic Act No. 6758, the second sentence of which provides that “[s]uch 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.” Moreover, the educational assistance had been given before Republic Act No. 6758 took effect.²³⁹ In contrast, the food and grocery incentives in these cases were given long after the law had taken effect.

Petitioners cited several issuances²⁴⁰ to support their argument that the grant of food and grocery incentives was authorized. However, the issuances they cited have previously been held by this Court as insufficient to set aside the Notices of Disallowance.

Escarez v. Commission on Audit,²⁴¹ reiterated in the consolidated cases of *Wycoco v. Aquino*,²⁴² settled whether the Commission on Audit gravely abused its discretion when it disallowed the grant of food and grocery incentives. This Court found no grave abuse, as the grant had no legal basis.²⁴³

Escarez and *Wycoco* involved similar sets of facts: The food and grocery incentives granted to National Food Authority employees were disallowed by the Commission on Audit. As this Court held in *Escarez*:

The Constitution has granted COA exclusive authority and enough latitude to determine, prevent and disallow irregular, unnecessary, excessive, extravagant or unconscionable expenditures of government funds. The general policy of this Court is to sustain the decisions of COA, not only on the basis of the doctrine of separation of powers, but also on the basis of the latter’s expertise in the interpretation of accounting and auditing rules and regulations that it is entrusted to promulgate and enforce.

²³⁸ 370 Phil. 793 (1999) [Per J. Purisima, *En Banc*].

²³⁹ *Id.*

²⁴⁰ The issuances include: (1) President Estrada’s approval of the allowance grant in 1998; (2) President Macapagal-Arroyo’s Memorandum in 2003; (3) OGCC Opinion No. 219; (4) NFA Council Resolution No. 226-2K5; and (5) NFA Memorandum No. AO-2K7-02-024 in 2007.

²⁴¹ *Escarez v. Commission on Audit*, G.R. Nos. 217818, 218334, 219979, 220201, & 222118, May 31, 2016 [Unsigned Resolution, *En Banc*].

²⁴² G.R. Nos. 237874 & 239036, February 16, 2021 [Per J. Zalameda, *En Banc*].

²⁴³ *Id.*

We find no reason to depart from this principle, as it is clear that the findings of COA were based on cogent legal grounds.

What President Estrada approved was the grant of the Food Assistance and Emergency Allowance in the amount of P7,000 for the yuletide season in the year 1998. Nothing in the letter gave the impression that the grant of the benefit shall be an annual practice.

On the other hand, the purported approval by President Macapagal-Arroyo consisted of a Memorandum dated 4 November 2003 issued by the Cabinet Secretary Ricardo L. Saludo. In it, the cabinet members appealed to the good sense of the heads and boards of government financial institutions and government-owned and -controlled corporations to moderate the grant of year-end bonuses to their employees.

On the other hand, OGCC Opinion No. 219 dated 24 November 2003 looked with favor on the NFA's grant of food subsidy/grocery incentive in the form of gift checks to its officials and employees as had traditionally been done during the Christmas season.

As correctly observed by COA, these justifications consistently relate to the grant of additional incentives to NFA officials and employees during the Christmas season. It is well to note that the FGI in question was released in specific months of the year, not one tranche of which coincided with the yuletide season.

As provided under paragraph 4.5 of DBM Budget Circular No. 16 dated 28 November 1998, agencies are prohibited from granting any food, rice, gift checks, or any other form of incentives/allowances, except those authorized by the Office of the President through an administrative order.

Thus, without specific authority from the President or Congress, the NFA Council Resolution cannot by itself serve as a justification for the release of the FGI.²⁴⁴

The issuances used by the petitioners in *Escarez* and *Wycoco* were the same issuances cited by petitioners here.²⁴⁵ Under the principle of *res judicata*, the rulings in *Escarez* and *Wycoco* on the issuances apply here.

Again, the grant of the food and grocery incentives had no legal basis. Therefore, they were properly disallowed.

²⁴⁴ *Escarez v. Commission on Audit*, G.R. Nos. 217818, 218334, 219979, 220201, & 222118, May 31, 2016 [Unsigned Resolution, *En Banc*].

²⁴⁵ *Id.*

II

Petitioners pray that the ruling in *Escarez*, where the officials and employees were no longer held liable to return the disallowed amounts, be applied to all their cases. They claim that they similarly should no longer be liable to return the amounts they had received.

However, in *Wycoco*, this Court clarified that the ruling in *Escarez* is conclusive only as to the disallowance, but not as to the liability of the approving officers and recipients.²⁴⁶

Each Notice of Disallowance questioned in these consolidated cases has circumstances peculiar to it. Thus, the determination of who should be held liable must be made on a case-to-case basis.²⁴⁷

In reviewing the assailed Commission on Audit Decisions and Notices of Disallowance, we apply the pronouncements in *Madera v. Commission on Audit*²⁴⁸ and *Abellanosa v. Commission on Audit*.²⁴⁹ These cases harmonized existing jurisprudence on disallowances, particularly on the obligation to return disallowed benefits and whether liability should be solidary.

Madera laid down the following guidelines for cases involving disallowances:

1. If a Notice of Disallowance is set aside by the Court, no return shall be required from any of the persons held liable therein.
2. If a Notice of Disallowance is upheld, the rules on return are as follows:
 - a. Approving and certifying officers who acted in good faith, in regular performance of official functions, and with the diligence of a good father of the family are not civilly liable to return consistent with Section 38 of the Administrative Code of 1987.
 - b. Approving and certifying officers who are clearly shown to have acted in bad faith, malice, or gross negligence are, pursuant to Section 43 of the Administrative Code of 1987, solidarily liable to return only the net disallowed amount which, as discussed herein, excludes amounts excused under the following sections 2c and 2d.

²⁴⁶ *Wycoco v. Aquino*, G.R. Nos. 237874 & 239036, February 16, 2021 [Per J. Zalameda, *En Banc*].

²⁴⁷ *Id.*

²⁴⁸ G.R. No. 244128, September 8, 2020 [Per J. Caguioa, *En Banc*].

²⁴⁹ G.R. No. 185806, November 17, 2020 [Per J. Perlas-Bernabe, *En Banc*].

- c. Recipients — whether approving or certifying officers or mere passive recipients — are liable to return the disallowed amounts respectively received by them, unless they are able to show that the amounts they received were genuinely given in consideration of services rendered.
- d. The Court may likewise excuse the return of recipients based on undue prejudice, social justice considerations, and other *bona fide* exceptions as it may determine on a case[-]to[-]case basis.²⁵⁰

The matrix laid down in a separate opinion in *Madera* serves as guide laying down objective factors as to who should be held liable and to what extent, considering the nature of the disallowance:

Nature of Disallowance	Presumption and Liability		Extent of Obligation for Refund
Illegal, Irregular	<p><u>Authorizing officer</u></p> <p>Not liable if the following are present:</p> <p>1) Certificate of availability of funds;</p> <p>2) In-house or Department of Justice legal opinion;</p> <p>3) No precedent disallowing a similar case in jurisprudence;</p> <p>4) It is traditionally practiced within the agency and no prior disallowance has been issued; and</p>	<p><u>Recipients</u></p> <p>Generally, not liable</p> <p><i>Except</i> if the recipients participated in the negotiations for the implementation and release of the benefits.</p> <p><i>Exception to exception:</i> Recipient is a rank-and-file employee who was absent during the negotiations and did not ratify the agreement releasing the benefit.</p>	<p>Solidary, but see <i>Rotoras v. Commission on Audit</i> regarding extent.</p>

²⁵⁰ *Madera v. Commission on Audit*, G.R. No. 244128, September 8, 2020 [Per J. Caguioa, *En Banc*], at 36. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

	5) There is a reasonable textual interpretation on its legality.		
Unnecessary	Authorizing officers and recipients are not liable, unless it is shown that expenditures are purposely or knowingly made.	Solidary, but see <i>Rotoras v. Commission on Audit</i> regarding extent.	
Excessive, Extravagant, Unconscionable, Ostentatious	Authorizing officers and recipients are liable.	Entire amount is disallowed. ²⁵¹	

Thus, if good faith is invoked as a defense, *Madera* teaches how to determine good faith when the nature of the disallowance is for illegal or irregular expenditures:

For one to be absolved of liability, the following requisites must be present: (1) a certificate of availability of funds, pursuant to Section 40 of the Administrative Code; (2) an in-house or a Department of Justice legal opinion; (3) lack of jurisprudence disallowing a similar case; (4) the issuance of the benefit is traditionally practiced within the agency and no prior disallowance has been issued; and (5) on the question of law, that there is a reasonable textual interpretation on the expenditure or benefit's legality.²⁵²

Abellanosa expounded on the *Madera* rules. There, this Court held that approving or authorizing officers will generally not be held liable as they are presumed to have regularly performed their official duties, except when they acted in bad faith, with malice, or in gross negligence.²⁵³ Under Book I, Chapter 9, Section 38(1) of the Administrative Code, “[a] public officer shall not be civilly liable for acts done in the performance of his official duties, unless there is a clear showing of bad faith, malice or gross negligence.”

On the liability of payees or recipients of benefits, *Abellanosa* clarifies Rule 2c of the *Madera* rules and lists two requisites for it to apply:

²⁵¹ J. Leonen, Separate Concurring Opinion in *Madera v. Commission on Audit*, G.R. No. 244128, September 8, 2020 [Per J. Caguioa, *En Banc*], at 13. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

²⁵² *Madera v. Commission on Audit*, G.R. No. 244128, September 8, 2020 [Per J. Caguioa, *En Banc*], at 22.

²⁵³ *Abellanosa v. Commission on Audit*, G.R. No. 185806, November 17, 2020 [Per J. Perlas-Bernabe, *En Banc*].

- (a) the personnel incentive or benefit has proper basis in law but is only disallowed due to irregularities that are merely procedural in nature; and
- (b) the personnel incentive or benefit must have a clear, direct, and reasonable connection to the actual performance of the payee-recipient's official work and functions for which the benefit or incentive was intended as further compensation.²⁵⁴

The two requisites are intended “to prevent the indiscriminate and loose invocation of Rule 2c of the *Madera* Rules on Return which may virtually result in the practical inability of the government to recover.”²⁵⁵

Abellanosa also discussed the proper application of Rule 2d of the *Madera* rules:

In *Madera*, the Court also recognized that the existence of undue prejudice, social justice considerations, and other *bona fide* exceptions, as determined on a case-to-case basis, may also negate the strict application of *56olutio indebiti*. This exception was borne from the recognition that in certain instances, the attending facts of a given case may furnish an equitable basis for the payees to retain the amounts they had received. While Rule 2d is couched in broader language as compared to Rule 2c, the application of Rule 2d should always remain true to its purpose: it must constitute a *bona fide* instance which strongly impels the Court to prevent a clear inequity arising from a directive to return.²⁵⁶

Abellanosa clarified that *Madera* should not be construed in a manner that would cause fiscal losses to the government.²⁵⁷ It held:

It is important to rein in Rules 2c and 2d of the *Madera* Rules on Return because their application has a direct bearing on the resulting amount to be returned by erring approving/authorizing officers civilly held liable under Section 38, in relation to Section 43, of the Administrative Code. In *Madera*, the Court explained that when recipients are excused to return disallowed amounts for the reason that they were genuinely made in consideration of services rendered, or for some other *bona fide* exception determined by the Court on a case to case basis, the erring approving/authorizing officers' solidary obligation for the disallowed amount is net of the amounts excused to be returned by the recipients (net disallowed amount).²⁵⁸

²⁵⁴ *Id.* at 9. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

²⁵⁵ *Id.* at 10.

²⁵⁶ *Id.* at 11.

²⁵⁷ *Id.*

²⁵⁸ *Id.* at 11–12.

Added the Court, Rules 2c and 2d involve exceptional circumstances, and should not be “haphazardly applied as an excuse for non-return[.]”²⁵⁹

Here, the assailed Commission on Audit Decisions state that petitioners executed Deeds of Undertaking, negating the defense of good faith.²⁶⁰

While good faith may still be invoked as a defense, it would not automatically excuse the payee from returning the amount received. In *Madera* and *Abellanos*, this Court has been strict in applying Rules 2c and 2d of the *Madera* rules.

This Court held in *Wycoco* that the recipients of the food and grocery incentives received the benefit by mistake, warranting the rule on *solutio indebiti* under Article 2154²⁶¹ of the Civil Code to apply. *Wycoco* also reiterated that Rules 2c and 2d of the *Madera* rules should be strictly applied.

Again, a payee or recipient may be in good faith but the duty to return remains because of *solutio indebiti*. Only exceptional circumstances would persuade this Court to excuse payees from their obligation to return what was mistakenly received.

As for the approving, certifying, and other accountable officers, we apply Section 106 of Presidential Decree No. 1445, or the Government Auditing Code:

SECTION 106. Liability for acts done by direction of superior officer. No accountable officer shall be relieved from liability by reason of his having acted under the direction of a superior officer in paying out, applying, or disposing of the funds or property with which he is chargeable, *unless prior to that act, he notified the superior officer in writing of the illegality of the payment, application, or disposition.* The officer directing any illegal payment or disposition of the funds or property shall be primarily liable for the loss, while the accountable officer who fails to serve the required notice shall be secondarily liable. (Emphasis supplied)

²⁵⁹ *Id.* at 10.

²⁶⁰ COA Decision Nos. 2016-434, 2016-466, 2016-454, 2016-467, 2016-461, 2016-437, 2016-336, 2016-494, 2016-496, 2016-382, 2016-438, 2016-389, 2017-068, 2016-390, 2018-398, 2018-231, 2018-115, 2018-215, and 2018-292.

²⁶¹ CIVIL CODE, art. 2154 provides:

ARTICLE 2154. If something is received when there is no right to demand it, and it was unduly delivered through mistake, the obligation to return it arises.

Guided by *Escarez, Wycoco, Madera, Abellanos*, and Presidential Decree No. 1445, we now rule on the issue of liability of the approving officials and the recipients of the food and grocery incentives.

III

All petitioners in these cases must return the benefits received. Of the 19 assailed Commission on Audit Decisions, 17 mentioned that the Notices of Disallowance had previously been issued to various offices of the National Food Authority disallowing the same benefit.²⁶²

While the *Madera* rules admit exceptions, none applies here.

First, Rule 2c does not apply because the grant of food and grocery incentives has no basis in law and has no reasonable connection with the work performance of the payee-recipient.

Second, Rule 2d also does not apply because petitioners have not shown the existence of undue prejudice, social justice considerations, or other factors that would convince this Court that they should not be required to return the benefits received.

We reviewed the liability of the approving and certifying officers. We recognize that they may have believed in good faith that there was legal basis for the food and grocery incentives because of the approval of former presidents, issuance of OGCC Opinion No. 219, and the lack of disallowance for several years.

However, some of the Petitions show that there were previous disallowances but the approving and certifying officers continued to approve the release of the incentives. In these cases, petitioners are solidarily liable to return the “net disallowed amount,”²⁶³ or the disallowed amount less the amounts not required to be returned. Applying Section 106 of Presidential Decree No. 1445, the officer who directed the release of the funds is primarily liable, while the accountable officer is secondarily liable. The accountable officer is relieved from liability if it is shown that the accountable officer

²⁶² COA Decision Nos. 2016-434, 2016-454, 2016-466, 2016-467, 2016-461, 2016-437, 2016-496, 2016-382, 2016-438, 2016-389, 2017-068, 2016-390, 2018-398, 2018-231, 2018-115, 2018-215, and 2018-292.

²⁶³ The term was coined by Justice Estela Perlas-Bernabe in separate concurring opinion in *Madera*.

“notified the superior officer in writing of the illegality of the payment, application, or disposition.”²⁶⁴

A review of the various Notices of Disallowances questioned in *Escarez, Wycoco*, and these consolidated Petitions reveals that the earliest Notice of Disallowance was issued on January 7, 2010, disallowing the food and grocery incentives in 2008 of Regional Office No. IV.

If this Court considers the earliest Notice of Disallowance in *Escarez* as notice to all National Food Authority offices that there is something amiss in the grant of the food and grocery incentives, then all the approving officers in these Petitions may be held solidarily liable for the net disallowed amount. Nevertheless, since each Notice of Disallowance may contain facts peculiar to it, we reviewed all of the assailed Decisions and Notices of Disallowance in these consolidated Petitions.

IV

G.R. No. 236282 (Regional Office No. V, Albay Provincial Office, and Catanduanes Provincial Office)

The Notices of Disallowance for the 2010 and 2011 food and grocery incentives were issued only in 2012. When the food and grocery incentives were released, there had yet to be a notice. The Petition is partially granted. The officials and employees of these offices are liable to return what they received based on *solutio indebiti*.

G.R. No. 236503 (Surigao Del Norte Provincial Office)

This Court notes that, as early as in its 2015 Annual Audit Report, the Commission on Audit has noted that the Surigao Del Norte Provincial Office had previously been issued a Notice of Disallowance dated September 10, 2010 for the 2009 food and grocery incentives.²⁶⁵ Thus, the disallowance made in 2011 was not the first; there was a previous disallowance of which the approving officers should have been aware. The approving and certifying

²⁶⁴ Presidential Decree No. 1445 (1978), sec. 106.

²⁶⁵ Notice of Disallowance No. 10-01-101-(10). 2015 Annual Audit Report of the National Food Authority, Document No. 12, p. 262. See also: COA Decision No. 2014-219 dated September 11, 2014. The Decision was signed by Chairperson Ma. Gracia M. Pulido-Tan and Commissioners Heidi L. Mendoza, and Jose A. Fabia.

officers are solidarily liable for the net disallowed amount. All payees must return the disallowed amount based on *solutio indebiti*.

G.R. No. 237549 (Abra Provincial Office)

The Notice of Disallowance for the 2012 food and grocery incentives appears to be the first disallowance issued to NFA-Abra Provincial Office. The approving and certifying officers are exonerated from their solidary liability. Nonetheless, all recipients must return the disallowed amount based on *solutio indebiti*.

G.R. No. 237550 (Northern Leyte Provincial Office)

Before the Notice of Disallowance for 2012 was issued, previous notices of disallowance were issued to the Northern Leyte Provincial Office.²⁶⁶ The approving and certifying officials are solidarily liable for the net disallowed amount; the recipients must return the disallowed amount based on *solutio indebiti*.

G.R. No. 237551 (La Union Provincial Office)

The Notice of Disallowance for the 2012 food and grocery incentives appears to be the first disallowance issued to the La Union Provincial Office. The approving and certifying officers are exonerated from solidary liability. The recipients, however, must return the disallowed amount based on *solutio indebiti*.

G.R. Nos. 237552 and 237562-63 (Regional Office No. IV, Marinduque Provincial Office)

The Petitions involve Notices of Disallowance issued to Regional Office No. IV for 2012 and to the Marinduque Provincial Office for 2008, 2009, and 2010.

²⁶⁶ According to the 2017 Annual Audit Report of the National Food Authority, the following notices of disallowance were previously issued: (1) ND No. 2012-001-GOF (10) dated May 9, 2012, and (2) ND No. 2012-002-GOF (11) dated May 11, 2012.

Escarez involved Notices of Disallowance for 2008 and 2009 for the Regional Office No. IV. Considering that it had previously received notices of disallowance, its approving and certifying officers are solidarily liable to return the net disallowed amount. The recipients are liable to return the amounts received for 2012 based on *solutio indebiti*.

As for the Marinduque Provincial Office, three Notices of Disallowance were issued to its officials—the first and second, both dated March 2, 2010, disallowed the 2008 and 2009 incentives; the third, dated May 25, 2011, disallowed the 2010 incentives.

For the first two Notices of Disallowance, we excuse the officials held solidarily liable because there appears to be no prior disallowance then. For the third Notice of Disallowance, however, the approving and certifying officers must be held solidarily liable for the net disallowed amount because, by then, they would have already been aware of the previous disallowance. On both instances, nonetheless, the recipients must return the disallowed amount based on *solutio indebiti*.

G.R. No. 237585 (Laguna Provincial Office)

The Notices of Disallowance for 2009²⁶⁷ and 2010²⁶⁸ are both dated July 24, 2011. Thus, when the food and grocery incentives were released, there was no previous disallowance to speak of. Thus, the approving and certifying officers are exonerated from solidary liability to return the net disallowed amounts. The recipients, based on *solutio indebiti*, must return the benefits received.

G.R. No. 237698 (Occidental Mindoro Provincial Office)

Prior to Notice of Disallowance No. 13-001-GOF-(12) disallowing the food and grocery incentives for 2012, the Occidental Mindoro Provincial Office received notices of disallowance for previous years' food and grocery incentives.²⁶⁹ Hence, the Notice of Disallowance questioned in this Petition was not the first disallowance given to the office. The approving and certifying officers should be held solidarily liable for the net disallowed

²⁶⁷ *Rollo* (G.R. No. 237585), pp. 41–44.

²⁶⁸ *Id.* at 45–47.

²⁶⁹ Other previous Notices of Disallowance issued to the Laguna Provincial Office are subjects of G.R. No. 237585 and 252357.

Decision

62 G.R. Nos. 236282 [Formerly UDK 16104], 236503, 237549, 237550 [Formerly UDK 16152], 237551, 237552 & 237562-63, 237585, 237698, 237841, 240593, 240891, 241717, 249689 [Formerly UDK 16526], 252355, & 252357

amount, while the recipients should return the benefits received based on *solutio indebiti*.

G.R. No. 237841 (Regional Office No. I)

The approving officer in this case was Santos, who is also a petitioner in G.R. No. 236282.

The assailed Decision in G.R. No. 236282 involve Notices of Disallowance that were issued in 2012 for Regional Office No. V, Masbate Provincial Office, and Catanduanes Provincial Office.

Here, in G.R. No. 237841, the Notice of Disallowance was issued in 2014 for Regional Office No. I.

While the Petitions involve different offices, the approving officer was the same person, Santos. He was already aware of the possible infirmity of the food and grocery incentives when a Notice of Disallowance was issued in 2012, yet he still approved the release of funds for the same benefit in 2014. The defense of good faith is clearly unavailing; as approving officer, he should be held solidarily liable with the other approving and certifying officers for the net disallowed amount, while the recipients should return the benefits received based on *solutio indebiti*.

G.R. No. 240593 (Laguna Provincial Office)

The Laguna Provincial Office received a Notice of Disallowance in 2013, but it had previously been given Notices of Disallowance, which are now subject of G.R. Nos. 237585 and 252357. As the Commission on Audit aptly found, good faith was lacking because of these previous disallowances.²⁷⁰ The approving and certifying officers are held solidarily liable for the net disallowed amount. The recipients are liable to return the amounts received based on *solutio indebiti*.

G.R. No. 240891 (Cagayan Provincial Office)

²⁷⁰ Rollo (G.R. No. 240593), p. 121.

The records do not show any previous disallowance issued to the Cagayan Provincial Office. Thus, there is no solidary liability for the approving and certifying officers. However, *solutio indebiti* would apply to recipients, who must return the received benefits.

G.R. No. 241717 (Regional Office No. VIII)

The Regional Office No. VIII received previous Notices of Disallowance.²⁷¹ The approving and certifying officers are solidarily liable for the net disallowed amount. Based on *solutio indebiti*, all recipients must return the amounts received.

G.R. No. 249689 (Ilocos Norte Provincial Office; Ilocos Sur Provincial Office; Eastern Pangasinan Provincial Office; Western Pangasinan Provincial Office; Benguet Provincial Office; Kalinga Provincial Office; Batangas Provincial Office; and Southern Leyte Provincial Office)

There appears to be no previous disallowance issued to the Ilocos Norte, Ilocos Sur, Eastern Pangasinan, Western Pangasinan, Benguet, and Kalinga. The approving officials are exonerated from solidary liability for the disallowed amounts, but all recipients should return the amounts received based on *solutio indebiti*.

We rule differently for the Batangas Provincial Office and Southern Leyte Provincial Office.

For the Batangas Provincial Office, Notice of Disallowance No. 2013-002(2012)BPO was addressed to Rebecca H. Andal. She is also the petitioner in *Andal v. Commission on Audit*, docketed as G.R. No. 218334, which was consolidated with *Escarez*. The facts of *Andal* narrate that the office had been issued a Notice of Disallowance for the food and grocery Incentive for the year 2009.²⁷² Thus, Rebecca H. Andal was well aware of a previous disallowance for the same benefit given to the same office. There is no

²⁷¹ Per the 2015 Annual Audit Report, the previous Notices of Disallowance were Notice of Disallowance No. 2012-002-GOF(11) dated June 5, 2012 and Notice of Disallowance No. 2012-001-GOF(10) dated May 8, 2012.

²⁷² *En Banc* Unsigned Resolution dated May 31, 2016. *Escarez v. COA* was a consolidated case involving G.R. Nos. 217818, 218334, 219979, 220201, and 222118.

indication that she informed her superior of the previous disallowance. The defense of good faith cannot be availed of, and she is solidarily liable with the other approving and certifying officers for the net disallowed amount. All recipients are also liable to return the amounts received based on *solutio indebiti*.

As for the Southern Leyte Provincial Office, it had previously been given a Notice of Disallowance for the food and grocery incentives in 2012.²⁷³ Hence, its approving and certifying officers can no longer avail of the defense of good faith, and they are solidarily liable for the net disallowed amount. The recipients should return the amounts received based on *solutio indebiti*.

G.R. No. 252355 (Isabela Provincial Office)

The Petition involves what appears to be the first Notice of Disallowance for the Isabela Provincial Office. Thus, the approving officials are absolved from solidary liability to return the net disallowed amount. Based on *solutio indebiti*, however, all recipients of the food and grocery incentives, must return the amounts received.

G.R. No. 252357 (Laguna Provincial Office, Quezon Provincial Office, and National Capital Region-South District Office)

The Petition involves disallowances issued to the Laguna Provincial Office, Quezon Provincial Office, and National Capital Region-South District Office. The Laguna Provincial Office received a Notice of Disallowance for 2011 dated July 24, 2012. At that time, it had already received the Notices of Disallowance subject of G.R. No. 237585. Hence, for this case, the defense of good faith can no longer be invoked, and the approving and certifying officers are held solidarily liable. The recipients must return the disallowed amount based on *solutio indebiti*.

For the Quezon Provincial Office, the Notices of Disallowance for 2008, 2009, and 2011 were all issued consecutively from July 17, 2012 to July 19, 2012. Only then was the office notified of the impropriety of the food and grocery incentives. Thus, its approving and certifying officers are exonerated

²⁷³ Per the 2015 Annual Audit Report, the office had previously received Notice of Disallowance No. 2012-005 to 0032(11) dated August 17, 2012.

from solidary liability, but on account of *solutio indebiti*, all recipients are still bound to return the amounts received.

The records do not show any previous disallowance issued against National Capital Region-South District Office. Hence, the concerned officials and employees are also in good faith, but again, based on *solutio indebiti*, they have the duty to return the amounts received.

V

The table below summarizes all the Notices of Disallowance, COA Decisions, and COA *En Banc* Notice of Resolution assailed in these consolidated petitions.

Petition/G.R No.	Notice of Disallowance	Province/Region	Date of Issuance	Year Disallowed	Amount Disallowed	Assailed COA Decision	COA En Banc Notice of Resolution
236282	ND No. 12-002-GOF-(10)	Regional Office No. V	Nov. 26, 2012	2010	580,000.00	2016-434	2017-049
	ND No. 12-001-GOF-(11)	Regional Office No. V	Nov. 26, 2012	2011	600,000.00		
	ND No. 12-002-GOF-(10)	Albay Provincial Office	Nov. 26, 2012	2010	880,000.00		
	ND No. 12-001-GOF-(11)	Albay Provincial Office	Nov. 26, 2012	2011	900,000.00		
	ND No. 2012-05-001(2011)	Masbate Provincial Office	May 21, 2012	2011	440,000.00		
	ND No. 12-001-101(11)	Catanduanes Provincial Office	June 11, 2012	2011	440,000.00		
236503	ND No. 12-001-GOF-(11)	Surigao Del Norte Provincial Office	June 27, 2012	2011	640,000.00	2016-466	2017-047
237549	ND No. 14-001-106(2012)	Abra Provincial Office	Feb. 10, 2014	2012	260,000.00	2016-454	2018-032
237550	ND No. 2013-001-GOF (2012)	Northern Leyte Provincial Office	Aug. 29, 2013	2012	995,000.00	2016-467	2018-027
237551	ND No. 14-001-106(2012)	La Union Provincial Office	Feb. 10, 2014	2012	620,000.00	2016-461	2018-033
237552, 237562-63	ND No. 2013-001(2012)RIV	Regional Office No. IV	Apr. 12, 2013	2012	705,000.00	2016-437	2018-026
	ND No. 11-001-101(10)	Marinduque Provincial Office	May 25, 2011	2010	280,000.00	2016-336	2018-014
	ND No. 10-001-101(08)	Marinduque Provincial Office	Mar. 2, 2010	2008	330,000.00	2016-494	2018-021
	ND No. 10-002-101(09)	Marinduque Provincial Office	Mar. 2, 2010	2009	290,000.00		2018-021
237585	ND No. 2011-001(2009)	Laguna Provincial Office	July 24, 2011	2009	680,000.00	2016-496	2018-013
	ND No. 2011-005(2010)	Laguna Provincial Office	July 24, 2011	2010	700,000.00		
237698	ND No. 13-001-GOF-(12)	Occidental Mindoro Provincial Office	Mar. 22, 2013	2012	1,210,000.00	2016-382	2018-029
237841	ND No. 14-001-106(2012)	NFA-Regional Office No. I	Feb. 10, 2014	2012	610,000.00	2016-438	2018-031
240593	ND No. 2013-003(2012)	Laguna Provincial Office	Aug. 29, 2013	2012	760,000.00	2016-389	2018-065
240891	ND No. 2014-01-101	Cagayan Provincial Office	Mar. 31, 2014	2012	985,000.00	2017-068	2018-072

241717	ND No. 2013-001-GOF(012)	Regional Office No. VIII	Aug. 29, 2013	2012	680,000.00	2016-390	2018-067		
249689	ND No. 14-001-106 (2012)	Ilocos Norte Provincial Office	Feb. 10, 2014	2012	720,000.00	2018-115	2019-046		
	ND No. 14-001-106 (2012)	Ilocos Sur Provincial Office	Feb. 10, 2014	2012	580,000.00				
	ND No. EP-14-01 (2013)	Eastern Pangasinan Provincial Office	Feb. 3, 2014	2012	800,000.00				
	ND No. 14-01-(2012)	Western Pangasinan Provincial Office	Feb. 5, 2014	2012	760,000.00				
	ND No. BPO-14-01-(2012)	Benguet Provincial Office	Jan. 24, 2014	2012	480,000.00				
	ND No. 2014-01-101	Kalinga Provincial Office	Mar. 31, 2014	2012	545,000.00				
	ND No. 2013-002 (2012) BPO	Batangas Provincial Office	Apr. 12, 2013	2012	1,080,000.00				
	ND No. 2013-001-GOF (2012)	Southern Leyte Provincial Office	Aug. 28, 2013	2012	560,000.00				
252355	ND No. 2014-001-101-(12)	Isabela Provincial Office	Apr. 10, 2014	2012	1,660,000.00			2018-398	2020-015
252357	ND No. 2012-01-101-(2011)	Laguna Provincial Office	July 24, 2012	2011	740,000.00			2018-231	2020-011
	ND No. 12-001-(08)	Quezon Provincial Office	July 17, 2012	2008	615,000.00	2018-215	2020-035		
	ND No. 12-002-(09)	Quezon Provincial Office	July 18, 2012	2009	580,000.00		2020-035		
	ND No. 12-003-(11)	Quezon Provincial Office	July 19, 2012	2011	640,000.00		2020-035		
	ND No. 2014-001(2012)	NCR-Southern District Office	May 15, 2014	2012	1,100,000.00	2018-292	2020-026		
				TOTAL Amount Disallowed	24,445,000.00				

The total amount disallowed in these consolidated petitions is ₱24,445,000.00.

We excused the approving and certifying officers from solidary liability where the facts of the case show that no previous disallowance was issued to the office concerned.

The same rule is applied for Petitions involving Notices of Disallowance for various years that were issued on the same date, or on dates close to each other that no reasonable notice of a previous disallowance could be ascertained.

We dismissed the Petitions where the approving or certifying officer was the same person, or where previous Notices of Disallowance had been issued. The solidary liability to return the net disallowed amount of the approving and certifying officer remains.

In all these Petitions, the rule on *solutio indebiti* applies and the recipients have the obligation to return the amounts received.

To prevent future disallowances, we remind public officials and employees of the fundamental principles stated in the Government Auditing Code:²⁷⁴

SECTION 4. *Fundamental Principles*. — Financial transactions and operations of any government agency shall be governed by the fundamental principles set forth hereunder, to wit:

- (1) No money shall be paid out of any public treasury of depository except in pursuance of an appropriation law or other specific statutory authority.
- (2) Government funds or property shall be spent or used solely for public purposes.
- (3) Trust funds shall be available and may be spent only for the specific purpose for which the trust was created or the funds received.
- (4) Fiscal responsibility shall, to the greatest extent, be shared by all those exercising authority over the financial affairs, transactions, and operations of the government agency.
- (5) Disbursements or disposition of government funds or property shall invariably bear the approval of the proper officials.
- (6) Claims against government funds shall be supported with complete documentation.
- (7) All laws and regulations applicable to financial transactions shall be faithfully adhered to.
- (8) Generally accepted principles and practices of accounting as well as of sound management and fiscal administration shall be observed, provided that they do not contravene existing laws and regulations.

ACCORDINGLY, this Court rules that:

The Petition in G.R. No. 236282 is **PARTIALLY GRANTED**. COA Decision No. 2016-434 is **AFFIRMED with MODIFICATION**. The approving and certifying officers are exonerated from their solidary liability to return the net disallowed amount. The recipients of the food and grocery

²⁷⁴ Presidential Decree No. 1445 (1978).

incentives from the Regional Office No. V, Masbate Provincial Office, Albay Provincial Office, and Catanduanes Provincial Office are ordered to refund the amounts they received.

The Petition in G.R. No. 236503 is **DISMISSED**. COA Decision No. 2016-466 is **AFFIRMED**. The approving and certifying officers are solidarily liable to return the net disallowed amount. The recipients of the food and grocery Incentive from the National Food Authority-Surigao del Norte Provincial Office are ordered to refund the amounts they received.

The Petition in G.R. No. 237549 is **PARTIALLY GRANTED**. COA Decision No. 2016-454 is **AFFIRMED with MODIFICATION**. The approving and certifying officers are exonerated from their solidary liability to return the net disallowed amount. The recipients of the food and grocery incentives from the National Food Authority-Abra Provincial Office are ordered to refund the amounts they received.

The Petition in G.R. No. 237550 is **DISMISSED**. COA Decision No. 2016-467 is **AFFIRMED**. The approving and certifying officers are solidarily liable to return the net disallowed amount. The recipients of the food and grocery incentives from the National Food Authority-Northern Leyte Provincial Office are ordered to refund the amounts they received.

The Petition in G.R. No. 237551 is **PARTIALLY GRANTED**. COA Decision No. 2016-461 is **AFFIRMED with MODIFICATION**. The approving and certifying officers are exonerated from their solidary liability to return the net disallowed amount. The recipients of the food and grocery incentives from the La Union Provincial Office are ordered to refund the amounts they received.

The consolidated Petitions in G.R. Nos. 237552 and 237562-63 are **PARTIALLY GRANTED**. COA Decision No. 2016-494 is **AFFIRMED with MODIFICATION**. The approving and certifying officers named in Notice of Disallowance Nos. 10-001-101(08) and 10-001-101(09) are solidarily liable to return the net disallowed amount. Meanwhile, COA Decision Nos. 2016-437 and 2016-336 are **AFFIRMED**. The approving and certifying officers named in Notice of Disallowance Nos. 2013-001(2012) RIV and 11-001-101(10) are solidarily liable for the net disallowed amount. Nonetheless, for all offices subject of G.R. Nos. 237552 and 237562-63, the recipients are ordered to refund the amounts they received.



The Petition in G.R. No. 237585 is **PARTIALLY GRANTED**. COA Decision No. 2016-496 is **AFFIRMED with MODIFICATION**. The approving and certifying officers are exonerated from their solidary liability to return the net disallowed amount. The recipients of the food and grocery incentives from the National Food Authority-Laguna Provincial Office are ordered to refund the amounts they received.

The Petition in G.R. No. 237698 is **DISMISSED**. COA Decision No. 2016-382 is **AFFIRMED**. The approving and certifying officers are solidarily liable to return the net disallowed amount. The recipients of the food and grocery incentive from the National Food Authority-Occidental Mindoro Provincial Office are ordered to refund the amounts they received.

The Petition in G.R. No. 237841 is **DISMISSED**. COA Decision No. 2016-438 is **AFFIRMED**. The approving and certifying officers are solidarily liable to return the net disallowed amount. The recipients of the food and grocery incentive from the National Food Authority-Regional Office No. I are ordered to refund the amounts they received.

The Petition in G.R. No. 240593 is **DISMISSED**. COA Decision No. 2016-389 is **AFFIRMED**. The approving and certifying officers named in Notice of Disallowance No. 2013-003(2012) are solidarily liable for the net disallowed amount. The recipients of the food and grocery incentives from the National Food Authority-Laguna Provincial Office are ordered to refund the amounts they received.

The Petition in G.R. No. 240891 is **PARTIALLY GRANTED**. COA Decision No. 2017-068 is **AFFIRMED with MODIFICATION**. The approving and certifying officers are exonerated from their solidary liability to return the net disallowed amount. The recipients of the food and grocery incentives from the National Food Authority-Cagayan Provincial Office are ordered to refund the amounts they received.

The Petition in G.R. No. 241717 is **DISMISSED**. COA Decision No. 2016-390 is **AFFIRMED**. The approving and certifying officers are solidarily liable to return the net disallowed amount. The recipients of the food and grocery incentives from the National Food Authority-Regional Office No. VIII are ordered to refund the amounts they received.

The Petition in G.R. No. 249689 is **PARTIALLY GRANTED**. COA Decision No. 2018-115 is **AFFIRMED with MODIFICATION**. The approving and certifying officers named in Notice of Disallowance Nos. 14-



001-106(2012) for Ilocos Norte Provincial Office; 14-001-106(2012) for Ilocos Sur Provincial Office; EP-14-01(2013) for Eastern Pangasinan Provincial Office; 14-01-(2012) for Western Pangasinan Provincial Office; BPO-14-01-(2012) for Benguet Provincial Office; and 2014-01-101 for Kalinga Provincial Office are exonerated from their solidary liability to return the net disallowed amount. Meanwhile, the approving and certifying officers named in Notice of Disallowance Nos. 2013-002(2012)BPO for Batangas Provincial Office and 2013-001-GOF(2012) for Southern Leyte Provincial Office are solidarily liable for the net disallowed amount. Nonetheless, all the recipients in G.R. No. 249689 are ordered to refund the amounts they received.

The Petition in G.R. No. 252355 is **PARTIALLY GRANTED**. COA Decision No. 2018-398 is **AFFIRMED with MODIFICATION**. The approving and certifying officers are exonerated from their solidary liability to return the net disallowed amount. The recipients of the food and grocery incentives from the National Food Authority-Isabela Provincial Office are ordered to refund the amounts they received.

The Petition in G.R. No. 252357 is **PARTIALLY GRANTED**. COA Decision Nos. 2018-215 and 2018-292 are **AFFIRMED with MODIFICATION**. The approving and certifying officers named in Notice of Disallowance Nos. 12-001-(08), 12-002-(09), 12-003-(11) for Quezon Provincial Office, and 2014-001(2012) for the National Capital Region-Southern District Office, are exonerated from their solidary liability to return the net disallowed amount. Meanwhile, COA Decision No. 2018-231 is **AFFIRMED**. The approving and certifying officers named in Notice of Disallowance No. 2012-01-101-(2011) for the Laguna Provincial Office are solidarily liable for the net disallowed amount. All recipients in G.R. No. 252357 are nonetheless ordered to refund the amounts they received.

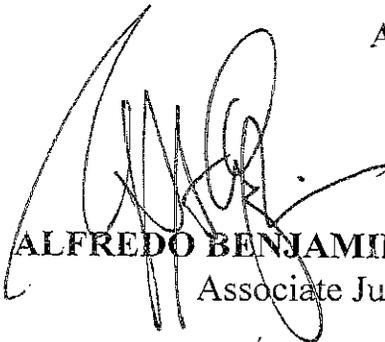
Some of the officials and employees held liable in the various Notices of Disallowance are now deceased, separated from the service, or have transferred to other government agencies. In these situations, the appropriate Commission on Audit rules and regulations on the settlement of accounts shall apply.

SO ORDERED.


MARVIC M.V.F. LEONEN
Senior Associate Justice

WE CONCUR:


ALEXANDER G. GESMUNDO
Chief Justice

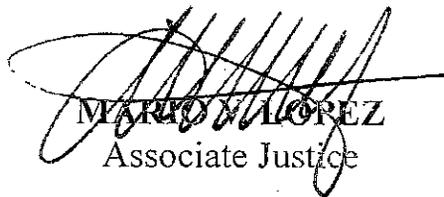

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

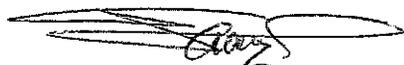

RAMON PAUL L. HERNANDO
Associate Justice


AMY C. LAZARO-JAVIER
Associate Justice


HENRI JEAN PAUL B. INTING
Associate Justice


RODIL V. ZALAMEDA
Associate Justice


MARIO V. LOREZ
Associate Justice


SAMUEL H. GAERLAN
Associate Justice


RICARDO R. ROSARIO
Associate Justice


JHOSEP Y. LOPEZ
Associate Justice


JAPAR B. DIMAAMPAO
Associate Justice


JOSE MIDAS P. MARQUEZ
Associate Justice


ANTONIO T. KHO, JR.
Associate Justice

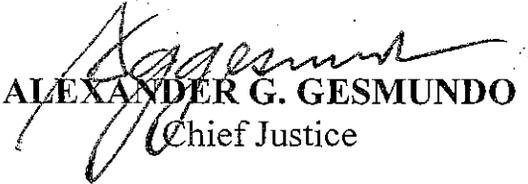

MARIA FILOMENA D. SINGH
Associate Justice

Decision

72 G.R. Nos. 236282 [Formerly UDK
16104], 236503, 237549, 237550
[Formerly UDK 16152], 237551,
237552 & 237562-63, 237585,
237698, 237841, 240593, 240891,
241717, 249689 [Formerly UDK
16526], 252355, & 252357

CERTIFICATION

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


ALEXANDER G. GESMUNDO
Chief Justice