



Republic of the Philippines
 Supreme Court
 Manila

SUPREME COURT OF THE PHILIPPINES
 PUBLIC INFORMATION OFFICE

RECORDED
 MAY 27 2021

BY: _____
 TIME: _____

EN BANC

PHILIPPINE CHARITY
 SWEEPSTAKES OFFICE, ALL
 CONCERNED OFFICERS AND
 EMPLOYEES AS REPRESENTED
 BY MS. BETSY B. PARUGINONG,
 OFFICER-IN-CHARGE
 MANAGER, SOUTHERN
 TAGALOG AND BICOL REGION,
 Petitioners,

G.R. No. 243607

Present:

PERALTA, C.J.,
 PERLAS-BERNABE,
 LEONEN,
 CAGUIOA,
 GESMUNDO,
 HERNANDO,
 CARANDANG,
 LAZARO-JAVIER,
 INTING,
 ZALAMEDA,
 LOPEZ,
 DELOS SANTOS,
 GAERLAN, and
 ROSARIO, JJ.

- versus -

COMMISSION ON AUDIT,
 Respondent.

Promulgated:
 December 9, 2020

Done. At: A. Peralta - Justice

X-----X

DECISION

CARANDANG, J.:

This Petition for *Certiorari*¹ under Rule 64, in relation to Rule 65 of the Rules of Court seeks to annul and set aside the Decision² dated November 23, 2017 and the Resolution dated August 16, 2018 of the Commission on Audit (COA), which affirmed the 32 Notice of Disallowances (NDs) on the various allowances and benefits received by the

¹ Petition for *Certiorari* with Application for a Temporary Restraining Order and/or Writ of Preliminary Injunction; *rollo*, pp. 3-17.
² Id. at 24-37.

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officials and employees of the Philippine Charity Sweepstakes Office-Laguna Provincial District Office (PCSO-LPDO), for calendar years 2009 to 2011 in the total amount of ₱5,977,610.97:³

	Notice of Disallowance (ND)	Benefit	Period Covered	Amount (Php)
1	PCSO2011-11-101 (2009)	2009 CNA Incentive	2009	225,000.00
2	PCSO2011-12-101 (2009/2010)	Longevity Pay, Loyalty Award and Refund	October 2009 to October 2010	43,673.34
3	PCSO2011-13-101 (2009/2010)	Longevity Pay and Loyalty Award	November 2010	11,349.76
4	PCSO2011-14-101 (2010)	Productivity Enhancement Incentive (PEI)	2010	112,500.00
5	PCSO2011-15-101 (2011)	Financial Assistance for the Holy Week	2011	225,000.00
6	PCSO2011-16-101 (2011)	Weekly Draw Allowance	March to April 2011	40,200.00
7	PCSO2011-17-101 (2011)	Quarterly Rice Allowance	2 nd Quarter 2011	108,000.00
8	PCSO2011-18-101 (2011)	Rice Allowance to Casual Employees	April 2011	9,000.00
9	PCSO2011-19-101 (2011)	Financial Assistance in lieu of Educational Assistance to Mr. Michael Salteras, CA-PCSO, Laguna PDO	2011	20,250.00
10	PCSO2011-20-101 (2011)	Educational Assistance		1,213,518.70
11	PCSO2011-21-101 (2011)	CNA Incentive or Signing Bonus (balance)		345,000.00
12	PCSO2011-22-101 (2011)	Rice Allowance to Casual Employees	May 2011	9,000.00
13	PCSO2011-23-101 (2011)	Monthly Representation and Transportation Allowance (RATA) of Chief Lottery Operations Offices (CLOO) – Laguna PDO	April to May 2011	4,000.00
14	PCSO2011-24-101 (2011)	Weekly Draw Allowances		93,800.00
15	PCSO2011-25-101 (2011)	Staple Food, Hazard Pay, Cost of Living Allowances (COLA) and Medicine Allowance	March to May 2011	201,000.00
16	PCSO2011-26-101 (2011)	Rice Allowance for Casual Employees	June 2011	9,000.00
17	PCSO2011-27-101 (2011)	Monthly RATA of CLOO, PCSO Laguna PDO		2,000.00
18	PCSO2011-28-101 (2011)	Weekly Draw Allowances	May to June 2011	40,200.00
19	PCSO2011-29-101 (2011)	COLA and Medicine Allowance	May 2011	52,500.00
20	PCSO2011-30-101 (2010)	Longevity Pay	December 2010	1,349.76
21	PCSO2011-31-101 (2011)	Longevity Pay and Personal Economic Relief Assistance (PERA)/Rice Allowance	January to March 2011	11,718.40
22	PCSO2011-32-101	Weekly Draw Allowances	June to July	40,200.00

³ Id. at 4-5.

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	(2011)		2010	
23	PCSO2011-33-101 (2011)	RATA to CLOO – Laguna PDO	July 2011	2,000.00
24	PCSO2011-34-101 (2011)	Staple Food, Hazard Pay, COLA, Medicine Allowance and Longevity Pay	June 2011	98,915.84
25	PCSO2011-35-101 (2010)	Medical and Dental Expenses	January to September 2010	1,491,551.87
26	PCSO2011-36-101 (2010)	Rice Allowance	July 2011	45,000.00
27	PCSO2011-37-101 (2010)	Weekly Draw Allowances		53,600.00
28	PCSO2011-38-101 (2010)	Staple Food, Hazard Pay, COLA, Medicine Allowance and Longevity Pay		98,915.84
29	PCSO2011-39-101 (2010)	Medical, Dental and Optical Reimbursements	October to May 2011	868,675.36
30	PCSO2011-40-101 (2010)	Longevity Pay and PERA/Rice	March to May 2011	5,708.96
31	PCSO2011-41-101 (2010)	Longevity Pay	May 2011	1,415.84
32	PCSO2011-42-101 (2010)	Medical and Dental Expenses	June to August 2011	493,576.30
TOTAL				5,977,610.97⁴

The persons held liable for the abovementioned NDs were as follows:

PCSO2011-11-101 (2009)	2009 CNA Incentive	225,000.00
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008 and approved PCSO Resolution No. 505 series of 2010
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/General Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008 and approved PCSO Resolution No. 505 series of 2010
Jose S. Magumbol	Then President, Sweepstakes Employees Union	Passed PCSO-SEU CNA dated March 4, 2008
Jose R. Taruc V	Then Director, PCSO Board of Directors	Approved PCSO Resolution No. 505 series of 2010
Raymundo T. Roquero	Then Director, PCSO Board of Directors	Approved PCSO Resolution No. 505 series of 2010
Manuel T. Morato	Then Director, PCSO Board of Directors	Approved PCSO Resolution No. 505 series of 2010
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Remeliza M. Gabuyo	Department Manager, Southern Tagalog & Bicol Region	Approved the transaction
Lady Elaine R. Gatdula, et al.,	Please refer to Annex A	Received payment ⁵

⁴ Id. at 40-42.

⁵ Id. at 143-144.

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PCSO2011-12-101 (2010)	Longevity Pay, Loyalty Award and Refund - October 2009 to October 2010	43,673.34
Name	Position/Designation	Nature of Participation in the Transaction
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Remeliza M. Gabuyo	Dept. Manager, Southern Tagalog & Bicol Region	Approved the transactions
Lady Elaine R. Gatdula, et al.,	Refer to annex A1 to A3	Received payment ⁶

PCSO2011-13-101 (2010)	Longevity Pay and Loyalty Award - November 2010	11,349.76
Name	Position/Designation	Nature of Participation in the Transaction
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Remeliza M. Gabuyo	Dept. Manager, Southern Tagalog & Bicol Region	Approved the November 1-15, 2010 transactions
Irma S. Guemo	Reg'l. Operations Mgr. Southern Tagalog Region	Approved the November 16-30, 2010 transactions in behalf of Mgr. Gabuyo
Lady Elaine R. Gatdula, et al.,	Refer to Annex A1	Received payment ⁷

PCSO2011-14-101 (2010)	Productivity Enhancement Incentive (PEI) - 2010	112,500.00
Name	Position/Designation	Nature of Participation in the Transaction
Margarita Juico	Chairman, PCSO Board of Directors	Approved PCSO Resolution No. A-0163 dated December 15, 2010
Francisco Joaquin	PCSO Board of Director	Approved PCSO Resolution No. A-0163 dated December 15, 2010
Aleta S. Tolentino	PCSO Board of Director	Approved PCSO Resolution No. A-0163 dated December 15, 2010
Betty B. Nantes	PCSO Board of Director	Approved PCSO Resolution No. A-0163 dated December 15, 2010
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Remeliza M. Gabuyo	Department Manager, Southern Tagalog & Bicol Region	Approved the transaction

⁶ Id. at 147-148.

⁷ Id. at 154.

Lady Elaine R. Gatdula, et al.,	Refer to annex 1	Received payment ⁸
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PCSO2011-15-101 (2010)	Financial Assistance for the Holy Week - 2011	225,000.00
Name	Position/Designation	Nature of Participation in the Transaction
Margarita Juico	Chairman, PCSO Board of Directors	Approved PCSO Resolution No. 117 series of 2011
Francisco Joaquin III	PCSO Board of Director	Approved PCSO Resolution No. 117 series of 2011
Aleta S. Tolentino	PCSO Board of Director	Approved PCSO Resolution No. 117 series of 2011
Betty B. Nantes	PCSO Board of Director	Approved PCSO Resolution No. 117 series of 2011
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Remeliza M. Gabuyo	Department Manager, Southern Tagalog & Bicol Region	Approved the transaction
Lady Elaine R. Gatdula, et al.,	Refer to Annex A	Received payment ⁹

PCSO2011-16-101 (2011)	Weekly Draw Allowance - March to April 2011	40,200.00
PCSO2011-17-101 (2011)	Quarterly Rice Allowance - 2nd Quarter 2011	108,000.00
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/Genral Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008
Jose S. Magsumbol	Then President, Sweepstakes Employees Union (SEU)	Passed PCSO-SEU CNA dated March 4, 2008
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Irma S. Guemo	OIC Reg'l. Operations Mgr. Southern Tagalog Region	Approved the transactions on behalf of Mgr. Remeliza M. Gabuyo
Lady Elaine R. Gatdula, et al.,	Refer to Annex A	Received payment ¹⁰

⁸ Id. at 195.

⁹ Id. at 198-199.

¹⁰ Id. at 201-202.

PCSO2011-18-101 (2011)	Rice Allowance to Casual Employees - April 2011	9,000
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/Genral Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008
Jose S. Magumbol	Then President, Sweepstakes Employees Union (SEU)	Passed PCSO-SEU CNA dated March 4, 2008
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claim
Remeliza M. Gabuyo	OIC Reg'l. Operations Mgr. Southern Tagalog Region	Approved the transactions
Lady Elaine R. Gatdula, et al.,	Please refer to Annex A	Received payment ¹¹

PCSO2011-19-101 (2010)	Financial Assistance In lieu of Educational Assistance to Mr. Michael Salteras, CA-PCSO, Laguna PDO - 2011	20,250
Name	Position/Designation	Nature of Participation in the Transaction
Margarita Juico	Chairman, PCSO Board of Directors	Approved PCSO Resolution No. 0098 series of 2011
Mabel V. Mamba	PCSO Board of Director	Approved PCSO Resolution No. 0098 series of 2011
Francisco Joaquin III	PCSO Board of Director	Approved PCSO Resolution No. 0098 series of 2011
Aleta L. Tolentino	PCSO Board of Director	Approved PCSO Resolution No. 0098 series of 2011
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claim
Remeliza M. Gabuyo	Department Manager, Southern Tagalog & Bicol Region	Approved the transaction
Lady Elaine R. Gatdula, et al.,	Refer to annex 1	Received payment ¹²

PCSO2011-20-101 (2011)	Educational Assistance - 2011	1,213,518.70
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008 and approved PCSO Resolution No. 306 series of 2009
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/General Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008 and approved PCSO Resolution No. 306 series of 2009

¹¹ Id. at 206-207.

¹² Id. at 236-237.

Jose S. Magsumbol	Then President, Sweepstakes Employees Union (SEU)	Passed PCSO-SEU CNA dated March 4, 2008
Jose R. Taruc V Raymundo T. Roquero Ma. Fatima A.S. Valdez Manuel L. Morato	Then PCSO Board of Director	Approved PCSO Resolution No. 306 series of 2009
Raymundo T. Roquero	Then PCSO Board of Director	Approved PCSO Resolution No. 306 series of 2009
Ma. Fatima A.S. Valdes	Then PCSO Board of Director	Approved PCSO Resolution No. 306 series of 2009
Manuel L. Morato	Then PCSO Board of Director	Approved PCSO Resolution No. 306 series of 2009
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Remeliza M. Gabuyo	Department Manager Southern Tagalog Region	Approved the transactions
Lady Elaine R. Gatdula, et al.	Please refer to Annex A	Received payment ¹³

PCSO2011-21-101 (2010)	CNA Incentive or Signing Bonus (balance) - 2011	345,000.00
Name	Position/Designation	Nature of Participation in the Transaction
Margarita Juico	Chairman, PCSO Board of Directors	Approved PCSO Board Resolution No. 163 series of 2011
Francisco Joaquín III	PCSO Board of Director	Approved PCSO Board Resolution No. 163 series of 2011
Aleta L. Tolentino	PCSO Board of Director	Approved PCSO Board Resolution No. 163 series of 2011
Betty B. Nantes	PCSO Board of Director	Approved PCSO Board Resolution No. 163 series of 2011
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claim
Remeliza M. Gabuyo	Department Manager, Southern Tagalog & Bicol Region	Approved the transaction
Lady Elaine R. Gatdula, et al.,	Please refer to Annex A	Received payment ¹⁴

PCSO2011-22-101 (2011)	Rice Allowance to Casual Employees - May 2011	9,000
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/General Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008

¹³ Id. at 245-246.

¹⁴ Id. at 248-249.

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Jose S. Magsumbol	Then President, Sweepstakes Employees Union	Passed PCSO-SEU CNA dated March 4, 2008
Bernaditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claim
Irma S. Guemo	OIC – Regional Operations Manager Southern Tagalog Region	Approved the transactions on behalf of Mgr. Remeliza M. Gabuyo
Bernaditta V. Luistro, et al.,	Please refer to Annex A	Received payment ¹⁵

PCSO2011-23-101 (2010)	Monthly Representation and Transportation Allowance (RATA) of Chief Lottery Operations Offices (CLOO) – Laguna PDO April to May 2011	4,000
Name	Position/Designation	Nature of Participation in the Transaction
Bernaditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claim and receive payment
Remeliza M. Gabuyo	Dept. Manager, Southern Tagalog & Bicol Region	Approved the transactions ¹⁶

PCSO2011-24-101 (2011)	Weekly Draw Allowances - April to May 2011	93,800
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/General Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008
Jose S. Magsumbol	Then President, Sweepstakes Employees Union (SEU)	Passed PCSO-SEU CNA dated March 4, 2008
Bernaditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claim
Irma S. Guemo	OIC – Regional Operations Manager Southern Tagalog Region	Approved the transactions on behalf of Mgr. Remeliza M. Gabuyo
Lady Elaine R. Gatdula, et al.,	Please refer to Annex B	Received payment ¹⁷

¹⁵ Id. at 251-252.

¹⁶ Id. at 254.

¹⁷ Id. at 257.

PCSO2011-25-101 (2011)	Staple Food, Hazard Pay, Cost of Living Allowances (COLA) and Medicine Allowance March to May 2011	201,000
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/General Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008
Jose S. Magsumbol	Then President, Sweepstakes Employees Union (SEU)	Passed PCSO-SEU CNA dated March 4, 2008
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claim
Remeliza M. Gabuyo	Dept. Manager, Southern Tagalog & Bicol Region	Approved DV Nos. 11-03-0300 and 11-05-0514
Irma S. Guemo	OIC – Regional Operations Manager Southern Tagalog Region	Approved DV Nos. 11-04-0376 and 11-04-0464
Lady Elaine R. Gatdula, et al.,	Please refer to Annex B	Received payment ¹⁸

PCSO2011-26-101 (2011)	Rice Allowance for Casual Employees - June 2011	9,000
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/General Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008
Jose S. Magsumbol	Then President, Sweepstakes Employees Union (SEU)	Passed PCSO-SEU CNA dated March 4, 2008
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claim
Remeliza M. Gabuyo	Dept. Manager, Southern Tagalog & Bicol Region	Approved DV Nos. 11-03-0300 and 11-05-0514
Irma Guemo	Reg'l Operations Manager – Southern Tagalog Region	Approved DV Nos. 11-04-0376 and 11-04-464
Bernaditta V. Luistro, et al.,	Please refer to Annex B	Received payment ¹⁹

PCSO2011-27-101 (2010)	Monthly RATA of CLOO, PCSO Laguna PDO – June 2011	2,000
Name	Position/Designation	Nature of Participation in the Transaction
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents

¹⁸ Id. at 261-262.

¹⁹ Id. at 291-292.

Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claim and received payment
Irma S. Guemo	OIC – Regional Operations Manager Southern Tagalog Region	Approved the transaction on behalf of Mgr. Gabuyo ²⁰

PCSO2011-28-101 (2011)	Weekly Draw Allowances - May to June 2011	40,200
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/Genral Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008
Jose S. Magumbol	Then President, Sweepstakes Employees Union (SEU)	Passed PCSO-SEU CNA dated March 4, 2008
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claim
Irma S. Guemo	OIC – Regional Operations Manager Southern Tagalog Region	Approved the transactions on behalf of Mgr. Remeliza M. Gabuyo
Lady Elaine R. Gatdula, et al.,	Please refer to Annex B	Received payment ²¹

PCSO2011-29-101 (2011)	COLA and Medicine Allowance - May 2011	52,500
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/Genral Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008
Jose S. Magumbol	Then President, Sweepstakes Employees Union	Passed PCSO-SEU CNA dated March 4, 2008
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claim
Irma S. Guemo	OIC – Regional Operations Manager Southern Tagalog Region	Approved the transaction on behalf of Mgr. Gabuyo
Lady Elaine R. Gatdula, et al.,	Please refer to Annex A	Received payment ²²

²⁰ Id. at 303.

²¹ Id. at 305.

²² Id. at 309-310.



PCSO2011-30-101 (2010)	Longevity Pay December 2010	1,349.76
Name	Position/Designation	Nature of Participation in the Transaction
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Remeliza M. Gabuyo	Dept. Manager, Southern Tagalog & Bicol Region	Approved the transactions
Lady Elaine R. Gatdula, et al.,	Please refer to Annex A1	Received payment ²³

PCSO2011-31-101 (2011)	Longevity Pay and Personal Economic Relief Assistance (PERA)/Rice Allowance - January to March 2011	11,718.40
Name	Position/Designation	Nature of Participation in the Transaction
Bernaditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Remeliza M. Gabuyo	Dept. Manager, Southern Tagalog & Bicol Region	Approved DV No. 11-01-0076
Irma S. Guemo	Reg'l. Operations Mgr. Southern Tagalog Region	Approved DV Nos. 11-01-0124, 0193, 11-02-0203 and 11-03-0264
Lady Elaine R. Gatdula, et al.,	Please refer to Annex A1	Received payment ²⁴

PCSO2011-32-101 (2011)	Weekly Draw Allowances - June to July 2010	40,200
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/General Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008
Jose S. Magsumbol	Then President, Sweepstakes Employees Union (SEU)	Passed PCSO-SEU CNA dated March 4, 2008
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Irma S. Guemo	OIC Reg'l. Operations Mgr. Southern Tagalog Region	Approved the transactions on behalf of Mgr. Remeliza M. Gabuyo
Lady Elaine R. Gatdula, et al.,	Refer to Annex B	Received payment ²⁵

²³ Id. at 535.

²⁴ Id. at 540.

²⁵ Id. at 544.



PCSO2011-33-101 (2011)	RATA to CLOO – Laguna PDO - July 2011	2,000
Name	Position/Designation	Nature of Participation in the Transaction
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claim and received payment
Irma S. Guemo	Reg'l. Operations Mgr. Southern Tagalog Region	Approved the transactions on behalf of Mgr. Remeliza M. Gabuyo ²⁶

PCSO2011-34-101 (2011)	Staple Food, Hazard Pay, COLA, Medicine Allowance and Longevity Pay – June 2011	98,915.84
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/General Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008
Jose S. Magumbol	Then President, Sweepstakes Employees Union (SEU)	Passed PCSO-SEU CNA dated March 4, 2008
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Irma S. Guemo	OIC Reg'l. Operations Mgr. Southern Tagalog Region	Approved the transactions on behalf of Mgr. Remeliza M. Gabuyo
Lady Elaine R. Gatdula, et al.,	Please refer to Annexes A & B	Received payment ²⁷

PCSO2011-35-101 (2011)	Medical and Dental Expenses - January to September 2010	1,491,551.87
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/General Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008
Jose S. Magumbol	Then President, Sweepstakes Employees Union (SEU)	Passed PCSO-SEU CNA dated March 4, 2008
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Remeliza M. Gabuyo	DEPT Manager – Southern Tagalog and Bicol Region	Approved the transactions

²⁶ Id. at 548.

²⁷ Id. at 550-551.

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Lady Elaine R. Gatdula, et al.,	Please refer to Annexes A	Benefited from the incurrence of subject medical and dental expenses ²⁸
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PCSO2011-36-101 (2011)		Rice Allowance - July 2011	45,000
Name	Position/Designation	Nature of Participation in the Transaction	
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008	
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/General Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008	
Jose S. Magsumbol	Then President, Sweepstakes Employees Union	Passed PCSO-SEU CNA dated March 4, 2008	
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents	
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims	
Irma S. Guemo	OIC Reg'l. Operations Mgr. Southern Tagalog Region	Approved the transactions on behalf of Mgr. Remeliza M. Gabuyo	
Lady Elaine R. Gatdula, et al.,	Please refer to Annexes B	Received payment ²⁹	

PCSO2011-37-101 (2011)		Weekly Draw Allowances - July 2011	53,600
Name	Position/Designation	Nature of Participation in the Transaction	
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008	
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/General Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008	
Jose S. Magsumbol	Then President, Sweepstakes Employees Union	Passed PCSO-SEU CNA dated March 4, 2008	
Bernarditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents	
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims	
Irma S. Guemo	OIC Reg'l. Operations Mgr. Southern Tagalog Region	Approved the transactions on behalf of Mgr. Remeliza M. Gabuyo	
Lady Elaine R. Gatdula, et al.,	Refer to annex I	Received payment	

PCSO2011-38-101 (2011)		Staple Food, Hazard Pay, COLA, Medicine Allowance and Longevity Pay – July 2011	98,915.84
Name	Position/Designation	Nature of Participation in the Transaction	
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008	

²⁸ Id. at 504-555.

²⁹ Id. at 406-407.

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Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/Genral Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008
Jose S. Magumbol	Then President, Sweepstakes Employees Union	Passed PCSO-SEU CNA dated March 4, 2008
Bernaditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Irma S. Guemo	OIC Reg'l. Operations Mgr. Southern Tagalog Region	Approved the transactions on behalf of Mgr. Remeliza M. Gabuyo
Lady Elaine R. Gatdula, et al.,	Refer to annex 1	Received payment

PCSO2011-39-101 (2011)	Medical, Dental and Optical Reimbursements - October to May 2011	868,675.36
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/Genral Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008
Jose S. Magumbol	Then President, Sweepstakes Employees Union	Passed PCSO-SEU CNA dated March 4, 2008
Bernaditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Remeliza M. Gabuyo	Dept. Manager, Southern Tagalog & Bicol Region	Approved the transactions except for the DVs approved by the Reg'l. Optns. Manager for Bicol or Southern Tagalog Region
Leila D. Galang	Reg'l. Optns. Manager – Bicol Region	Approved the transactions under DV Nos. 10-10-1122 to 1126 and 1154
Irma S. Guemo	Reg'l. Operations Mgr. - Southern Tagalog Region	Approved the transactions under DV Nos. 11-05-0500 to 501 and 0519
Lady Elaine R. Gatdula, et al.,	Refer to annex 1	Benefitted from the incurrence of the subject medical, dental and/or optical expenses

PCSO2011-40-101 (2011)	Longevity Pay and PERA/Rice – March to May 2011	5,708.96
Name	Position/Designation	Nature of Participation in the Transaction
Bernaditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Remeliza M. Gabuyo	Dept. Manager, Southern Tagalog & Bicol Region	Approved the transactions under DV Nos. 11-03-0300 and 11-05-0514

Irma S. Guemo	Reg'l. Operations Mgr. Southern Tagalog Region	Approved the transactions under DV Nos. 11-04-0376 and 11-04- 0464
Lady Elaine R. Gatdula, et al.,	Refer to annex 1	Received payment

PCSO2011-41-101 (2011)	Longevity Pay - May 2011	1,415.84
Name	Position/Designation	Nature of Participation in the Transaction
Bernaditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Irma S. Guemo	Reg'l. Operations Mgr. Southern Tagalog Region	Approved the transactions on behalf of Mgr. Remeliza M. Gabuyo
Lady Elaine R. Gatdula, et al.,	Refer to annex 1	Received payment

PCSO2011-42-101 (2011)	Medical and Dental Expenses - June to August 2011	493,576.30
Name	Position/Designation	Nature of Participation in the Transaction
Sergio O. Valencia	Then Chairman, PCSO Board of Directors	Passed PCSO-SEU CNA dated March 4, 2008
Rosario C. Uriarte	Then Vice Chairman, PCSO Board of Directors/Genral Manager PCSO	Passed PCSO-SEU CNA dated March 4, 2008
Jose S. Magsumbol	Then President, Sweepstakes Employees Union	Passed PCSO-SEU CNA dated March 4, 2008
Bernaditta V. Luistro	Acting Accountant	Certified the propriety of the claims and the completeness of the supporting documents
Lady Elaine R. Gatdula	Chief Lottery Operations Officer	Certified the correctness of the claims
Remeliza M. Gabuyo	Dept. Manager, Southern Tagalog & Bicol Region	Approved the transactions
Annabelle L. Palisoc, et al.,	Refer to annex 1	Benefitted from the incurrence of the subject medical and dental expenses

To support its claim for reversal of the disallowance, petitioners raised the following arguments: (1) the Board of Directors (Board) of PCSO is authorized to fix the salaries of officials and employees; (2) the benefits have become part of the compensation package of the employees; (3) the release of the benefits is sourced from the 15% built-in restriction pursuant to PCSO's charter and is charged against the savings of PCSO; (4) the Office of the President (OP) recently granted a subsequent approval on the various benefits/incentives previously given to the officials and employees of the PCSO; and (5) the officials and employees received the benefits in good faith, hence, they cannot be required to refund the same.

For its part, the COA argues that the Board of Directors of PCSO does not have an unbridled and plenary power to determine the salaries, benefits

and allowances of its personnel because under Section 12³¹ of Republic Act No. (R.A.) 6758,³² the authority to determine additional allowances or benefits which are deemed integrated in the standardized salary rates and can be continuously given to employees of government agencies rests with the Department of Budget and Management (DBM).

The COA also held that the 15% built in restriction is allocated for PCSO's operating expenses and capital expenditures. PCSO cannot have savings as these revert, by law and by operation of its charter, to the Charity Fund, and no part of which should be granted to its employees.

Contrary to petitioners' contention that the allowances and benefits have become part of the compensation package of employees, COA averred that there was no evidence to show that the subject benefits were part of PCSO's employees' compensation for a considerable length of time. Even so, no matter how long continued, it cannot give rise to any vested right if it is contrary to law.

With regard to the subsequent approval by the OP under the letter dated May 19, 2011 of Executive Secretary Paquito Ochoa, the COA said that the supposed approval did not refer to the allowances and benefits subject in this petition because it pertained to the approval of the grant of benefits/incentives to officials and employees of PCSO prior to September 8, 2010. Hence, it is not an unbridled authority to approve the grant of all past and future allowances. The COA further held that it could not be determined from the said letter which of the disallowed benefits were allegedly approved, as the list of allowances/benefits referred to was not presented or identified by the petitioners, hence, the subsequent approval cannot be considered as including the herein allowances.

Lastly, the COA ruled that the officials who authorized the grant of payments and the recipient-employees cannot be deemed in good faith, as the laws and rules requiring prior approval of the OP and the DBM were already existent prior to their grant of the subject benefits. Thus, the officials who authorized the grant of payments and recommended the approval of the payrolls, are solidarily liable for the total disallowed amount.

³¹ Section 12. Consolidation of Allowance 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 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 as of July 1, 1989 not integrated into the standardized salary rates shall continue to be authorized.

³² Act Prescribing a Revised Compensation and Position Classification System in the Government and for Other Purposes.

Issue

The main issue in this case is whether the COA committed grave abuse of discretion in upholding the 32 NDs on the various allowances and benefits received by the officials and employees of PCSO-LPDO.

Ruling of the Court

The petition has no merit. The Court resolves to uphold the disallowance since the petition utterly failed to show that the COA acted with grave abuse of discretion in sustaining the same.

The facts and the issues surrounding this petition are no longer novel since the same arguments posited by the petitioners have already come before this Court.

I. The grant of the disallowed benefits has no legal basis.

The Court already ruled that R.A. 1169³³ or the PCSO Charter, does not grant its Board the unbridled authority to fix salaries and allowances of its officials and employees. PCSO is still duty bound to observe pertinent laws and regulations on the grant of allowances, benefits, incentives and other forms of compensation. The power of the Board to fix the salaries and determine the reasonable allowances, bonuses and other incentives are still subject to the review of the DBM.

In any event, as correctly observed by the COA, the subject benefits and allowances are already integrated in basic salary and are without doubt proscribed allowances pursuant to R.A. 6758.³⁴ To determine whether the benefits and allowances are considered as excluded from the standardized salary rates of the PCSO officials and employees, reference must be made to the first paragraph of Section 12 of R.A. 6758.³⁵ The only allowances which government employees can continue to receive in addition to their standardized salary rates are the following: (1) representation and transportation allowances (RATA); (2) clothing and laundry allowances; (3) subsistence allowance of marine officers and crew on board government vessels; (4) subsistence allowance of hospital personnel; (5) hazard pay; (6) allowance of foreign service personnel stationed abroad; and (7) such other

³³ An Act Providing for Charity Sweepstakes, Horse Races, And Lotteries (as amended by Batas Pambansa Blg. 42 and Presidential Decree No. 1157).

³⁴ An Act Prescribing a Revised Compensation and Position Classification System in the Government and for Other Purposes.

³⁵ 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.



additional compensation not otherwise specified in Section 12 as may be determined by the DBM.

Since the benefits and allowances are not among those expressly excluded from integration by R.A. 6758, it should be considered integrated in the standardized salaries of the PCSO officials and employees under the general rule of integration.

In this case, the benefits and allowances were not among those excluded items from the integration into the standardized salary rates as previously determined by the DBM, hence, the grant thereof lacked legal basis and its continuous payment is unauthorized and illegal being contrary to law.

As things now stand, the governing boards of the GOCCs no longer wield the power to fix compensation and allowances of their personnel, including the authority to increase the rates, pursuant to their specific charters.³⁵

II. The doctrine of non-diminution of benefits does not apply

There can be no diminution of benefits since the allowances granted by PCSO to its officials and employees are not in accordance with prevailing laws and the payment thereof was due to an error in the construction or application of the law.

The Court has steadily held that, in accordance with Section 12 of R.A. 6758, allowances, fringe benefits, or any additional financial incentives, whether or not integrated into the standardized salaries prescribed by R.A. 6758, should continue to be enjoyed by employees who were incumbents and were actually receiving those benefits as of July 1, 1989.

In this case, it was not established that the officials and employees of PCSO-LPDO were incumbents and were already receiving the subject benefits and allowances as of July 1, 1989. The PCSO also failed to establish that its officials and employees who were recipients of the disallowed benefits and allowances actually suffered a diminution in pay as a result of its consolidation into their standardized salary rates. Therefore, the principle of non-diminution of benefits finds no application to them. Moreso, institutional practice is not an excuse to allow disbursements that were otherwise contrary to law.³⁶

III. The release of the benefits is sourced from the 15% built-in restriction pursuant to PCSO's charter and is charged against the savings of PCSO

³⁵ *Metropolitan Waterworks and Sewerage System, v. Commission on Audit*, 821 Phil. 117, 131 (2017).

³⁶ *Id.* at 141.

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Under the PCSO Charter, Section 6(C)³⁸ thereof merely states, among others, that 15% of the net receipts from the sale of sweepstakes tickets (whether for sweepstakes races, lotteries, or other similar activities) shall be set aside as contributions to the operating expenses and capital expenditures of the PCSO.

The petitioners failed to take into account Section 6(D)³⁹ of the same law which provides that “all balances of any funds in the Philippine Charity Sweepstakes Office shall revert to and form part of the charity fund provided for in paragraph (B),⁴⁰ and shall be subject to disposition as above stated.”

From the foregoing, it is clear that the 15% built in restriction is allocated for operating expenses and capital expenditures of PCSO. By the clear import of its charter, all balances of any funds of PCSO revert to the Charity Fund and are not considered as savings which can be reallocated by the Board and be granted as benefits to its officials and employees.

IV. The subsequent approval by the OP does not refer to the allowances and benefits subject of this petition

In its Decision⁴¹ dated March 5, 2014, the COA explained that the alleged approval by the OP is too vague as to be a source of rights, thus:

In a letter dated August 15, 2011 of Mr. Marianito M. Dimaandal, Director IV, Malacañang Records Office in response to the request of the Supervising Auditor, COA Office of the President, for a certified copy of the ex-post facto approval, he informed this Commission that the list of benefits/incentives approval therein is not among the records available on file or in the possession of their Office.

³⁸ Section 6. *Allocation of Net Receipts.* – From the gross receipts from the sale of sweepstakes tickets, whether for sweepstakes races, lotteries, or similar activities, shall be deducted the printing cost of such tickets, which in no case shall exceed two percent of such gross receipts to arrive at the net receipts. The net receipts shall be allocated as follows:

x x x x

C. Fifteen (15%) percent shall be set aside as contributions to the operating expenses and capital expenditures of the Office.

³⁹ D. All balances of any funds in the Philippine Charity Sweepstakes Office shall revert to and form part of the charity fund provided for in paragraph (B), and shall be subject to disposition as above stated.

⁴⁰ B. Thirty percent (30%) shall be set aside as contributions to the charity fund from which the Board of Directors, in consultation with the Ministry of Human Settlements on identified priority programs, needs and requirements in specific communities and with the approval of the Office of the President (Prime Minister), shall make payments or grants for health programs, including the expansion of existing ones, medical assistance and services and/or charities of national character, such as the Philippine National Red Cross, under such policies and subject to such rules and regulations as the Board may from time to time establish and promulgate. The Board may apply part of the contributions to the charity fund to approved investments of the Office pursuant to Section 1(B) hereof, but in no case shall such application to investments exceed ten percent (10%) of the net receipts from the sale sweepstakes tickets in any given year.

Any property acquired by an institution or organization with funds given to it under this Act shall not be sold or otherwise disposed of without the approval of the Office of the President (Prime Minister), and that in the event of its dissolution all such property shall be transferred to and shall automatically become the property of the Philippine Government.

⁴¹ Id. at 99-107.

Without certainty as to what various benefits/incentives are being allowed, the May 19, 2011 is too vague as to be a source of rights.⁴²

The letter of Executive Secretary Ochoa pertained to the approval of the grant of benefits or incentives to officials and employees of PCSO prior to September 8, 2010, which is the effectivity date of Executive Order No. (EO) 7⁴³ series of 2010. An examination of the nature of the moratorium imposed by EO 7 would show that the moratorium was imposed on the following: (1) increase in the rate of salary; and (2) grant of new increases in the rates of allowances, incentives, and other benefits. The clear directive is to halt the grant of additional salaries and allowances to employees and officers of government-owned and controlled corporations (GOCCs).

The COA went on to say that even assuming that the said letter validly allows the continuing of the said benefits and incentives, the disallowance must still be upheld:

The letter specifies that there must be strict compliance with E.O. No. 7, E.O. 24 and all other related issuances on the grant of benefits and incentives to GOCCs and GFIs. Among these issuances is DBM Budget Circular No. 2006-1 dated February 1, 2006 because the disallowed benefits were allegedly granted in the PCSO-SEU CNA and this Budget Circular prescribes the rules in the grant of CNA.

Section 5.7 of Budget Circular No. 2006-1 provides that the CNA Incentive shall be paid as a one-time benefit after the end of the year, provided that the planned/programs/activities/projects have been implemented and completed in accordance with the performance target of the year. Moreover, utilization and disbursement of funds for the payment of CNA shall be in accordance with the procedural guidelines and funding source set forth under Section 6 and 7 of the aforementioned Circular.

In the case at bar, the disallowances were paid before the end of the year, in violation of the express command of Section 5.7. there is likewise no showing where the funds for these benefits were sourced.⁴⁴

Evidently, where there is an express provision of the law prohibiting the grant of certain benefits, the law must be enforced even if it prejudices certain parties on account of an error committed by public officials in granting the benefit.⁴⁵

⁴² Id. at 106.

⁴³ Directing the Rationalization of the Compensation and Position Classification System in the Government-Owned And-Controlled Corporations (GOCCs) and Government Financial Institutions (GFIs), and for Other Purposes.

⁴⁴ Id. at 106-107.

⁴⁵ *PCSO v. Chairperson Pulido-Tan*, 785 Phil. 266, 285 (2016).



V. The liability and refund of the officials and employees of PCSO-LPDO for the disallowed transactions.

In the case of *PCSO v. Chairperson Pulido-Tan*,⁴⁶ the Court already discussed the liability of the PCSO officials, as well as the PCSO Board of Directors regarding the disallowed transactions, thus:

On March 4, 2008, the PCSO Board of Directors, through Resolution No. 135, approved the payment of monthly cost of living allowance (COLA) to its officials and employees for a period of three (3) years in accordance with the Collective Negotiation Agreement. Pursuant thereto, in 2010, the PCSO released the sum of P381,545.43 to all qualified officials and employees of its Nueva Ecija Provincial District Office. A year after, on March 19, 2011, Executive Secretary Paquito N. Ochoa, Jr. confirmed the benefits and incentives provided for in Resolution No. 135, but with a directive to the PCSO to strictly abide by Executive Order (E.O.) No. 7 that imposed a moratorium on any grant of new or increase in the salaries and incentives until specifically authorized by the President.⁴⁷

x x x x

In [line with this], the PCSO Board of Directors who approved Resolution No. 135 are liable. Their authority under Sections 6 and 9 of R.A. No. 1169, as amended, is not absolute. They cannot deny knowledge of the DBM and PSLMC issuances that effectively prohibit the grant of the COLA as they are presumed to be acquainted with and, in fact, even duty-bound to know and understand the relevant laws/rules and regulations that they are tasked to implement. Their refusal or failure to do does not exonerate them since mere ignorance of the law is not a justifiable excuse. As it is, the presumptions of "good faith" and "regular performance of official duty" are disputable and may be contradicted and overcome by other evidence.

The same thing can be said as to the five PCSO officials who were held accountable by the COA. They cannot approve the release of funds and certify that the subject disbursement is lawful without ascertaining its legal basis. If they acted on the honest belief that the COLA is allowed by law/rules, they should have assured themselves, prior to their approval and the release of funds, that the conditions imposed by the DBM and PSLMC, particularly the need for the approval of the DBM, Office of the President or legislature, are complied with. Like the members of the PCSO Board, the approving/certifying officers' positions dictate that they are familiar of governing laws/rules. Knowledge of basic procedure is part

⁴⁶ 785 Phil. 266 (2016).

⁴⁷ Id. at 272.

and parcel of their shared fiscal responsibility. They should have alerted the PCSO Board of the validity of the grant of COLA. Good faith further dictates that they should have denied the grant and refrained from receiving the questionable amount.⁴⁷

Accordingly, the named PCSO-LPDO officials in this case, who implemented the same, authorized its release without ascertaining its legal basis and even received the disallowed amounts, are held liable. Despite the lack of authority for granting the said allowances and benefits, they still approved its grant and release in excess of the allowable amounts and extended the same benefits to other officials and employees, as well as to themselves, in deliberate violation of the letter and spirit of R.A. 6758 and related laws. Since the subject disallowances were invalidly released, it only follows that the PCSO-LPDO employees received the disallowed amounts without valid basis or justification.

Lastly, as to the recipients of the disallowed benefits, the Court already settled this issue of whether the officials and employees of the disallowed transactions should be held accountable and be ordered to refund the disallowed amount in the recent case of *Madera v. COA*,⁴⁸ where the Court made the following pronouncement:

1. If a Notice of Disallowance is set aside by the Court, no return shall be required from any of the persons held liable therein.
2. If a Notice of Disallowance is upheld, the rules on return are as follows:
 - a. Approving and certifying officers who acted in good faith, in regular performance of official functions, and with the diligence of a good father of the family are not civilly liable to return consistent with Section 38 of the Administrative Code of 1987.
 - b. Approving and certifying officers who are clearly shown to have acted in bad faith, malice, or gross negligence are, pursuant to Section 43 of the Administrative Code of 1987, solidarily liable to return only the net disallowed amount which, as discussed herein, excludes amounts excused under the following sections 2c and 2d.
 - c. Recipients – whether approving or certifying officers or mere passive recipients - are liable to return the disallowed amounts respectively received by them, unless they are able to show that the amounts they received were genuinely given in consideration of services rendered.
 - d. The Court may likewise excuse the return of recipients based on undue prejudice, social justice considerations, and other bona fide exceptions as it may determine on a case to case basis.⁴⁹

⁴⁷ Id. at 290-291.

⁴⁸ G.R. No. 244128, September 8, 2020.

⁴⁹ Id.

As it now stands, payees who receive undue payment, regardless of good faith, are liable for the return of the amounts they received. The exceptions to payee liability, as cited by the Court in the case of *Madera*, includes payees who can show that the amounts received were granted in consideration for services actually rendered, or when undue prejudice will result from requiring payees to return or where social justice or humanitarian considerations are attendant. The Court further said that the assessment of the presumptions of good faith and regularity in the performance of official functions and proof thereof will have to be done by the Court on a case-to-case basis.⁵¹

Guided by the foregoing norms, the approving and certifying officers, the recipients of the benefits, both officials and employees alike, who had no participation in the approval and release of the disallowed benefits, even if they have acted in good faith due to their honest belief that the grant of the said allowances and benefits had legal basis, are now liable to refund the disallowed amounts.

WHEREFORE, the petition is **DISMISSED**. The Decision dated November 23, 2017 and the Resolution dated August 16, 2018 of the Commission on Audit, which affirmed the 32 Notice of Disallowances received by the officials and employees of PCSO – Laguna Provincial District Office, are hereby **AFFIRMED with MODIFICATION**. The certifying and approving officers, as well as all the employees of the PCSO – LPDO, are liable to return what they had individually received. They must reimburse the amounts they individually received through salary deduction, or any other mode which the Commission on Audit may deem just and proper under the circumstances.

SO ORDERED.


ROSMARI D. CARANDANG
Associate Justice

⁵¹ Id.

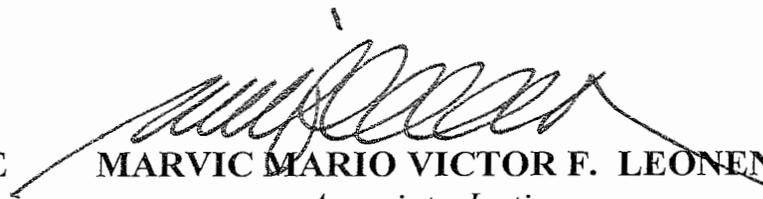
WE CONCUR:



DIOSDADO M. PERALTA
Chief Justice



ESTELA M. PERLAS-BERNABE
Associate Justice



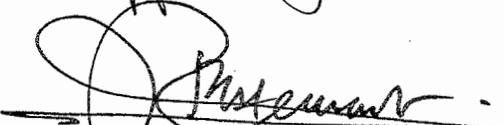
MARVIC MARIO VICTOR F. LEONEN
Associate Justice



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



ALEXANDER G. GESMUNDO
Associate Justice



RAMON PAUL L. HERNANDO
Associate Justice



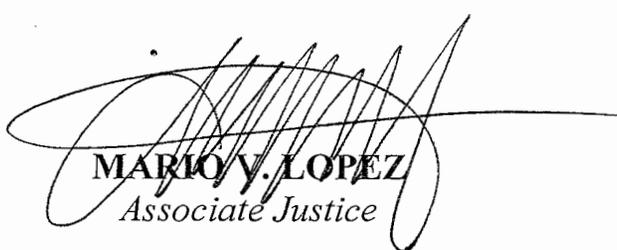
AMY C. LAZARO-JAVIER
Associate Justice



HENRI JEAN PAUL B. INTING
Associate Justice



RODIL V. ZALAMEDA
Associate Justice



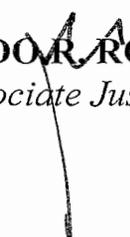
MARIO V. LOPEZ
Associate Justice



EDGARDO L. DELOS SANTOS
Associate Justice



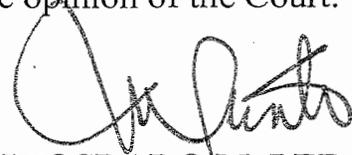
SAMUEL H. GAERLAN
Associate Justice



RICARDO R. ROSARIO
Associate Justice

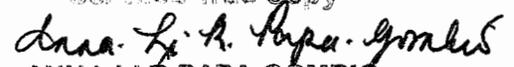
CERTIFICATION

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



DIOSDADO M. PERALTA
Chief Justice

Certified True Copy



ANNA-LI R. PAPA-GOMBIO
Deputy Clerk of Court En Banc
OCC En Banc, Supreme Court