



Republic of the Philippines
 Supreme Court
 Manila

SUPREME COURT OF THE PHILIPPINES
 PUBLIC INFORMATION OFFICE

RECEIVED
 SEP 21 2021
 BY: *[Signature]*
 TIME: *9:25*

EN BANC

EFRAIM C. GENUINO,
Petitioner,

G.R. No. 230818

Present:

-versus-

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

COMMISSION ON AUDIT
 (COA), COA OFFICE OF THE
 DIRECTOR, CORPORATE
 GOVERNMENT SECTOR,
 CLUSTER 6, represented by
 DIRECTOR JOSEPH B.
 ANACAY, and the OFFICE OF
 THE COA SUPERVISING
 AUDITOR – PHILIPPINE
 AMUSEMENT AND GAMING
 CORPORATION (PAGCOR),
 represented by AUDITOR BELEN
 B. LADINES,

Promulgated:

Respondents.

June 15, 2021

X-----*[Signature]*-----X

DECISION

DELOS SANTOS, J.:

Assailed in this Petition for *Certiorari*¹ with Application for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction, under Rule 64 in relation to Rule 65 of the Rules of Court, is the Decision No. 2015-420² dated December 28, 2015 and the

* No part.

¹ *Rollo*, pp. 3-23.

² *Id.* at 27-30.

Resolution³ dated March 21, 2017 rendered by respondent Commission on Audit (COA).

The COA affirmed the Notice of Disallowance 2013-002(10)⁴ dated February 20, 2013 which disallowed the ₱2,000,000.00 financial assistance granted by the Philippine Amusement and Gaming Corporation (PAGCOR) to Pleasant Village Homeowners Association (PVHA) and held Efraim C. Genuino (petitioner), in his capacity as the Chairman of the Board of Directors and the Chief Executive Officer (CEO) of PAGCOR, personally and solidarily liable to refund the said amount.

The Facts

Sometime in early 2010, PVHA requested financial assistance from PAGCOR for the construction of a flood control and drainage system project for Pleasant Village Subdivision (Pleasantville) located in *Barangay Tuntungin-Putho*, Los Baños, Laguna. The area covered by the project includes Waling-waling Street, a portion of Sanggumay Street, and Mariposa, Rosal, and Jasmin Streets, all located inside Pleasantville, as well as Gov. San Luis Road and Buot Road (subject roads).⁵ The PAGCOR Board of Directors approved to sponsor the project and donated ₱2,000,000.00 to PVHA. PAGCOR released the amount through Land Bank of the Philippines Check No. 170518 dated March 25, 2010.⁶

On August 22, 2011, the COA⁷ issued Notice of Suspension No. 2011-004(10)⁸ suspending the ₱2,000,000.00 financial assistance for failure to submit certain documentary requirements provided under COA Circular No. 2007-001.⁹ This was later lifted once PAGCOR, through its Accounting Department, complied with the COA's documentary requests. Thereafter, Notice of Settlement of Suspension/Disallowance/Charge (NSSDC) No. 2012-018¹⁰ was issued. Explicit, however, in the said NSSDC was a statement to the effect that the financial assistance was still under evaluation, pending confirmation on whether the subject roads have been donated to the Municipality of Los Baños, Laguna.

³ Also cited as COA Decision No. 2017-073; id. at 31-38.

⁴ Id. at 64-65.

⁵ Id. at 6.

⁶ Id. at 64.

⁷ Represented by Supervising Auditor Atty. Resurreccion C. Quieta.

⁸ *Rollo*, pp. 54-55.

⁹ See COA Circular No. 2007-001 (2007) entitled, "Revised Guidelines in the Granting, Utilization, Accounting and Auditing of the Funds Released to Non-Governmental Organizations/People's Organizations NGOs/POs," <http://coa.gov.ph/phocadownloadpap/userupload/Issuances/Circulars/Circ_2007/2007-001.pdf> (visited May 18, 2021).

¹⁰ *Rollo*, p. 100.

On February 20, 2013, COA¹¹ issued Notice of Disallowance 2013-002(10)¹² disapproving the financial assistance to PVHA for being spent for a private purpose in violation of Presidential Decree (P.D.) No. 1445, otherwise known as the Government Auditing Code.¹³ The disallowance was made after COA received confirmation that neither the whole nor part of Pleasantville had been donated to the Municipality of Los Baños, Laguna. Thus, the following persons were held liable:

Name	Position/Designation	Nature of Participation in the Transaction
1. Mr. Efraim C. Genuino (Petitioner)	Chairman and CEO	Approved the payment
2. Mr. Rene C. Figueroa	Senior Vice President	Signed the check in behalf of the Chairman
3. Mr. Edward F. King	Senior Vice President, CCSD	Certified that the expense was necessary, lawful and incurred under his supervision
4. Ms. Ester P. Hernandez	Vice President, Accounting Department	Certified that the supporting documents were complete, proper and expenditure properly certified per RFP
5. Pleasant Village Homeowners Association (PVHA)	Payee	Received the payment thru Ms. Violeta G. Cordova, President of PVHA

Aggrieved, petitioner filed an appeal.¹⁴

On May 20, 2014,¹⁵ petitioner received COA-Corporate Government Sector (CGS) Cluster 6 Decision No. 2014-004¹⁶ denying the same.

On the same date, petitioner filed a Petition for Review¹⁷ based on the following grounds: (1) the subject roads covered by PAGCOR's ₱2,000,000.00 financial assistance was public property, and, thus, met the public purpose requirement; (2) the financial assistance was extended pursuant to PAGCOR's corporate social responsibility; (3) the Minutes of the Meeting of the *Sangguniang Barangay* Tuntungin-Putho effected the turn-over of the subject roads to the *barangay* as early as August 2009, and, thus, the subject roads were public property; (4) the Minutes of the Meeting of the *Sangguniang Barangay* was executed by public officials in the

¹¹ Represented by Supervising Auditor Belen B. Ladines.

¹² *Rollo*, pp. 98-99.

¹³ Presidential Decree No. 1445, Sec. 4(2) "Government funds or property shall be spent or used solely for public purposes."

¹⁴ *Rollo*, pp. 85-96.

¹⁵ *Id.* at 67.

¹⁶ Dated April 28, 2014; *id.* at 80-84.

¹⁷ *Id.* at 66-78.

performance of their official functions, and, thus, enjoys the presumption of regularity; and (5) the approval of the financial assistance was a collegial act of the Board of Directors and petitioner merely exercised his duties in approving the same.¹⁸

Ruling of the Commission Proper

On December 28, 2015, the COA rendered Decision No. 2015-420¹⁹ (assailed Decision) dismissing the petition for review for being filed out of time.

Petitioner filed a Motion for Reconsideration.²⁰

In a Resolution²¹ dated March 21, 2017 (assailed Resolution), the COA granted the motion insofar as it set aside the issue of the belated filing of the petition, but maintained the propriety of the disallowance and petitioner's liability therefor as its approving officer, stating:

The area covered by the donation [P2,000,000.00 financial assistance] is not a public property, nor is the donation for a public purpose, contrary to Section [4(2)] of Presidential Decree No. 1445. Delineated roads and streets, whether part of a subdivision or segregated for public use remain private and will remain as such until conveyed to the government by donation or through expropriation proceedings. The subject property is still considered private until the local government of Los Baños, Laguna acquires the property by donation, purchase or expropriation. A mere acceptance in a [*Sangguniang Barangay*] meeting cannot produce a legal transfer and turnover of a property, and the Minutes of the Regular Meeting of the [*Sangguniang Barangay*] is not sufficient to prove transfer.²²

¹⁸ Id. at 70-77.

¹⁹ Supra note 2, the dispositive portion of which states:

WHEREFORE, premises considered, the petition for review of Mr. Efraim C. Genuino, former Chairman of the Board of Directors and Chief Executive Officer of Philippine Amusement and Gaming Corporation is hereby DISMISSED. Accordingly, CGS-6 Decision No. 2014-004 dated April 28, 2014, which affirmed Notice of Disallowance No. 2013-002(10) dated February 20, 2013, is FINAL AND EXECUTORY.

²⁰ *Rollo*, pp. 39-52.

²¹ Supra note 3, the dispositive portion of which reads:

WHEREFORE, premises considered, the Motion for Reconsideration of Mr. Efraim C. Genuino, former Chairman of the Board of Directors and Chief Executive Officer [of the] Philippine Gaming Corporation is PARTLY GRANTED. Commission on Audit Decision No. 2015-420 dated December 28, 2015, which dismissed the Petition for Review for being filed out of time, is SET ASIDE. However, COA Corporate Government Sector-6 Decision No. 2014-004 dated April 28, 2014, affirming the Notice of Disallowance No. 2013-002(10) dated February 20, 2013, on the grant of financial assistance to Pleasant Village Homeowners Association in the amount of P2,000,000.00, is AFFIRMED with FINALITY.

²² *Rollo*, p. 34.

In so ruling, the COA held that: (1) the issue of timeliness of the petition for review is moot considering that the Cluster Director gave due course to the appeal despite its belated filing; (2) the mere acceptance of the subject roads in a regular *Sangguniang Bayan* meeting as shown by the Minutes cannot produce a legal transfer and turnover of the subject roads; (3) the ₱2,000,000.00 does not qualify under the broad interpretation of public purpose as to promote social justice; and (4) petitioner is solidarily liable as the official who approved the grant and payment of the financial assistance in accordance with the 2009 Rules and Regulations on the Settlement of Accounts.²³

Hence, this petition.

In its Comment,²⁴ the COA, through the Office of the Solicitor General, maintains that: (1) PAGCOR's financial assistance to PVHA in the amount of ₱2,000,000.00 was spent for private purpose since the subject roads were neither donated nor expropriated in favor of the government and; (2) as regards petitioner's liability, he is personally and solidarily liable under Section 103 of P.D. No. 1445 and Sections 16.1 and 16.3 of the 2009 Rules and Regulations on the Settlement of Accounts.²⁵

In his Reply,²⁶ petitioner repleads all his prior arguments. In addition, he avers that COA's audit jurisdiction over PAGCOR is limited to 5% franchise tax remitted to the Bureau of Internal Revenue (BIR) and 50% of its gross earnings remitted to the National Treasury. Since the ₱2,000,000.00 financial assistance to PVHA was sourced from PAGCOR's operating expenses, in particular its marketing expenses, it was beyond COA's audit jurisdiction. As further proof of his claim, petitioner cites bills filed in the House of Representatives and the Senate which seek to expand COA's audit jurisdiction over PAGCOR.²⁷

The Issue

Preliminary to any determination of whether the financial assistance to PVHA was spent for a private purpose or petitioner's civil liability, the main issue to be resolved in this petition is whether the COA exceeded its audit jurisdiction over PAGCOR.

The Court's Ruling

The petition is meritorious.

²³ Id. at 33-36.

²⁴ Id. at 145-161.

²⁵ Id. at 153-158.

²⁶ Id. at 170-188.

²⁷ Id. at 171-185.

It is the general policy of the Court to sustain the decisions of administrative authorities, especially one which is constitutionally created, not only on the basis of the doctrine of separation of powers, but also for their presumed expertise in the laws they are entrusted to enforce. Hence, findings of administrative agencies, such as the COA, are accorded not only respect, but also finality when the decision and order are not tainted with unfairness or arbitrariness that would amount to grave abuse of discretion.²⁸ Nevertheless, the Court would not hesitate to annul decisions and resolutions of the COA when it has clearly acted without or in excess of jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction.

The concept is well-entrenched: grave abuse of discretion exists when there is an evasion of a positive duty or a virtual refusal to perform a duty enjoined by law or to act in contemplation of law as when the judgment rendered is not based on law and evidence, but on caprice, whim, and despotism. Not every error in the proceedings, or every erroneous conclusion of law or fact, constitutes grave abuse of discretion. The abuse of discretion to be qualified as “grave” must be so patent or gross as to constitute an evasion of a positive duty or a virtual refusal to perform the duty or to act at all in contemplation of law.²⁹ Meanwhile, there is lack of jurisdiction when a tribunal, board, or officer, is devoid of legal power, right or authority to hear and determine a cause or causes, considered either in general or with reference to a particular matter.³⁰ On the other hand, there is excess of jurisdiction when an act, though within the general power of a tribunal, board, or officer, is not authorized and invalid with respect to the particular proceeding, because the conditions which alone authorize the exercise of the general power in respect of it are wanting.³¹

As will be further discussed below, the Court finds that COA acted with grave abuse of discretion when it exceeded its audit jurisdiction over PAGCOR. By law, COA’s audit jurisdiction over PAGCOR is limited to the latter’s remittances to the BIR as franchise tax and the National Treasury with respect to the Government’s share in its gross earnings.

Jurisdiction may be assailed at any time, even for the first time on appeal.

It is a settled rule that a court’s jurisdiction over the subject matter may be raised at any stage of the proceedings, even on appeal.³² *Albeit* raised for the first time in petitioner’s Reply, it becomes incumbent upon this

²⁸ *Veloso v. Commission on Audit*, 672 Phil. 419, 432 (2011).

²⁹ *Montejo v. Commission on Audit*, G.R. No. 232272, July 24, 2018.

³⁰ See *Felix Gochan & Sons Realty Corp. v. Commission on Audit*, G.R. No. 223228, April 10, 2019, 901 SCRA 343, 364.

³¹ *Id.*

³² *Victoria Manufacturing Corporation Employees Union v. Victoria Manufacturing Corporation*, G.R. No. 234446, July 24, 2019, 910 SCRA 376, 390.

Court to resolve the issue of COA's audit jurisdiction over PAGCOR. The rationale is that subject matter jurisdiction is conferred by law, and the lack of it affects the very authority of the court or in this case, administrative agency, to take cognizance of and to render judgment.³³ Hence, it should be preliminarily determined as the same determines the validity of all subsequent proceedings relative thereto.

However, this begs the question, is petitioner already barred from raising COA's limited audit jurisdiction over PAGCOR?

We rule in the negative.

The notion that the defense of lack of jurisdiction may be waived by estoppel by the party invoking it most prominently emerged in *Tijam v. Sibonghanoy*³⁴ where the Court held that a party cannot invoke the jurisdiction of a court to secure affirmative relief against his opponent and, after obtaining or failing to obtain such relief, repudiate or question that same jurisdiction,³⁵ to wit:

The facts of this case show that from the time the Surety became a quasi-party on July 31, 1948, it could have raised the question of the lack of jurisdiction of the Court of First Instance of Cebu to take cognizance of the present action by reason of the sum of money involved which, according to the law then in force, was within the original exclusive jurisdiction of inferior courts. It failed to do so. Instead, at several stages of the proceedings in the court a quo as well as in the Court of Appeals, it invoked the jurisdiction of said courts to obtain affirmative relief and submitted its case for a final adjudication on the merits. It was only after an adverse decision was rendered by the Court of Appeals that it finally woke up to raise the question of jurisdiction. Were We to sanction such conduct on its part, We would in effect be declaring as useless all the proceedings had in the present case since it was commenced on July 19, 1948 and compel the judgment creditors to go up their calvary once more. The inequity and unfairness of this is not only patent but revolting.³⁶ (Underscoring supplied)

In *Tijam*, the Court ruled that the party was barred by estoppel by laches. As defined in the said case, laches is the "failure or neglect, for an unreasonable and unexplained length of time, to do that which, by exercising due diligence, could or should have been done earlier; it is negligence or omission to assert a right within a reasonable time, warranting a presumption that the party entitled to assert it either has abandoned it or declined to assert it."³⁷ As applied to jurisdictional challenges, it is the failure to timely raise a

³³ See *Ombudsman Carpio Morales v. Court of Appeals*, 772 Phil. 672, 702 (2015).

³⁴ 131 Phil. 556 (1968).

³⁵ *Velasquez, Jr. v. Lisondra Land, Inc.*, G.R. No. 231290, August 27, 2020.

³⁶ *Tijam v. Sibonghanoy*, supra note 34, at 565.

³⁷ *Id.* at 563.

court's lack of jurisdiction, ultimately resulting in a binding judgment, not because said judgment is valid as an adjudication, but because public policy looks with disfavor on the belated invocation of jurisdictional issues.³⁸ The rule that estops a party from assailing the jurisdiction of a court likewise finds application in proceedings before administrative boards or agencies and officers that possess quasi-judicial power. This approach is sensible, as no germane differences exist between such boards, agencies, or persons, on one hand, and courts, on the other, when it comes to belated jurisdictional challenges.³⁹

In *Spouses Rebamonte v. Spouses Lucero*,⁴⁰ the Court clarified that the pronouncement in *Tijam* is not an exception to the rule on jurisdiction, but rather, appreciated as a waiver of a party's right to raise jurisdiction based on the doctrine of equity. More importantly, it was ruled that "it is only when the circumstances in *Tijam* are present that a waiver or an estoppel in questioning jurisdiction is appreciated."⁴¹ In *Tijam*, the issue of lack of jurisdiction was raised for the first time on a motion to dismiss (*in lieu* of a motion for reconsideration) after an adverse decision was rendered by the appellate court, all with the party's active participation. Notably, the party barred by laches in this case was a surety who at the onset of the collection case had already acquired certain rights and assumed specific obligations when it filed a counter-bond for the dissolution of the writ of attachment issued by the then court of origin.

Here, We are not convinced that the exceptional circumstances found in *Tijam* are present in the instant case. In so ruling, We are guided by the following considerations:

First, petitioner was only compelled to defend himself against the Notice of Disallowance issued against him. This is in stark contrast to *Tijam*, wherein the surety sought affirmative relief, *i.e.*, to be relieved from liability under its counter-bond for grounds other than lack of jurisdiction, in addition to raising other defenses. *Second*, no considerable period had elapsed for laches to attach. From the time petitioner was issued a Notice of Disallowance until he raised the issue of lack of jurisdiction before this Court, only four years had elapsed. This hardly constitutes undue or unreasonable delay on the part of petitioner⁴² unlike in *Tijam*, where 15 years intervened between the time the action was commenced until the party raised the issue of lack of jurisdiction for the first time. *Third*, the Court laid down the rule that the fact that a party attempts to invoke the unauthorized

³⁸ *Victoria Manufacturing Corporation Employees Union v. Victoria Manufacturing Corporation*, *supra* note 32, at 389.

³⁹ *Id.* at 392.

⁴⁰ G.R. No. 237812, October 2, 2019, citing *Amoguis v. Ballado*, G.R. No. 189626, August 20, 2018, 878 SCRA 1.

⁴¹ *Amoguis v. Ballado*, *id.* at 8.

⁴² *Id.*

jurisdiction of a court does not estop him from thereafter challenging its jurisdiction over the subject matter, is especially true where the party seeking to invoke unauthorized jurisdiction of the court does not thereby secure any advantage or the adverse party does not suffer any harm,⁴³ as obtained in this case.

Having settled that petitioner is not estopped from assailing COA's jurisdiction, We now proceed to the merits of his claim.

COA has limited audit jurisdiction over PAGCOR.

Petitioner's contention that COA has limited audit jurisdiction over PAGCOR finds basis in its very own Charter. Specifically, Section 15 of P.D. No. 1869⁴⁴ reads:

TITLE V
Government Audit

SEC. 15. *Auditor* — The Commission on Audit or any government agency that the Office of the President may designate shall appoint a representative who shall be the Auditor of the Corporation and such personnel as may be necessary to assist said representative in the performance of his duties. The salaries of the Auditor or representative and his staff shall be fixed by the Chairman of the Commission on Audit or designated government agency, with the advice of the Board, and said salaries and other expenses shall be paid by the Corporation. **The funds of the Corporation to be covered by the audit shall be limited to the 5% franchise tax and the 50% of the gross earnings pertaining to the Government as its share.** (Emphasis supplied)

The aforementioned provision is unequivocal that with respect to PAGCOR, the COA's audit jurisdiction is limited to the 5% franchise tax and 50% share of the Government in its gross earnings. This express limitation on COA's general audit power was purposely adopted to provide some flexibility in PAGCOR's operations, to wit:

WHEREAS, to make it more dynamic and effective in its tasks, PAGCOR should now be reorganized by (a) increasing the participation of the private sector in the subscription of the authorized capital stock of PAGCOR and by adjusting the share of the Government in the gross earning to 50%; provided, that the annual income of the Government is not less than P150 Million and, if it is less, then the share of the Government shall be 60% of the gross earnings; (b) providing for a

⁴³ *Figueroa v. People*, 580 Phil. 58, 76 (2008).

⁴⁴ Presidential Decree No. 1869 (1983), Consolidating and Amending Presidential Decree Nos. 1067-A, 1067-B, 1067-C, 1399 and 1632, Relative to the Franchise and Powers of the Philippine Amusement and Gaming Corporation (PAGCOR).

settlement of the portion of the Government's share that was utilized for the stabilization of casino operations, and **(c) providing for greater flexibility in operation by limiting governmental audit only to the determination of the 5% franchise tax and the Government's share of 50% of the gross earnings[.]**⁴⁵ (Emphases supplied)

It is a cardinal rule in statutory construction that when the law is clear, "there is no room for construction or interpretation. There is only room for application."⁴⁶ As Section 15 of P.D. No. 1869 is clear, plain, and free from ambiguity, it must be given its literal meaning and applied without attempted interpretation. Thus, as it stands, the COA's authority to audit PAGCOR is not unrestricted.

Here, the ₱2,000,000.00 financial assistance granted by PAGCOR to PVHA was sourced from PAGCOR's operating expenses, in particular, its marketing expenses. It is, thus, clear that the audit conducted by COA in this case was not made in relation to either the 5% franchise tax or the Government's 50% share in its gross earnings and therefore, beyond the scope of COA's audit authority. As pointed out by petitioner, the limitation imposed on COA's authority to audit PAGCOR is further bolstered by the fact that there are bills in Congress⁴⁷ that have been filed precisely to expand COA's audit jurisdiction beyond the said franchise tax and the Government's share in its gross earnings. By implication, these bills would have been unnecessary had COA been empowered to conduct a general audit on all of PAGCOR's funds.

Conclusion

PAGCOR was created pursuant to a special law and is, thus, governed primarily by its provisions. As a legislative act, P.D No. 1869 and in particular, Section 15, enjoys the presumption of constitutionality. Courts accord the presumption of constitutionality to legislative enactments, not only because the legislature is presumed to abide by the Constitution, but also because the Judiciary, in the determination of actual cases and controversies, must reflect the wisdom and justice of the people as expressed through their representatives in the Executive and Legislative departments of

⁴⁵ Presidential Decree No. 1869, Whereas clause.

⁴⁶ *Naredico, Inc. v. Krominco, Inc.*, G.R. No. 196892, December 5, 2018, 888 SCRA 264, 283.

⁴⁷ See House Bill No. 3536 entitled, "An Act Amending Presidential Decree No. 1869, as amended, Consolidating and Amending Presidential Decree Nos. 1067-A, 1067-B, 1067-C, 1399 and 1632, Relative to the Franchise and Powers of the Philippine Amusement Gaming Corporation (PAGCOR), Subjecting PAGCOR to the Audit Jurisdiction of the Commission on Audit" authored by Representatives Amado S. Bagatsing and Hermilando Mandanas during the 15th Congress. See Senate Bill No. 2915, entitled, "To Allocate Fifty Percent (50%) Share of the Government in the Aggregate Gross Income of the Philippine Amusement and Gaming Corporation (PAGCOR) for the Basic Education Program of the Department of Education (DEPED) and for Other Purposes, Thereby Amending Presidential Decree No. 1869, as amended by Republic Act No. 9487" introduced by Senator Ralph Recto.

the Government.⁴⁸ Hence, unless otherwise repealed by a subsequent law or adjudged unconstitutional by this Court, a law will always be presumed valid and the first and fundamental duty of the court is to apply the law.⁴⁹ As it stands, since Section 15 of P. D. No. 1869 has yet to be amended, repealed, or declared unconstitutional, the Court is left with no recourse except as to apply the law as presently written, that is, any government audit over PAGCOR should be limited to its 5% franchise tax and 50% of its gross earnings pertaining to the Government as its share. Resultantly, any audit conducted by COA beyond the aforementioned is accomplished beyond the scope of its authority and functions.

Despite COA's general mandate to ensure that "all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguard against loss or wastage through illegal or improper disposition, x x x"⁵⁰ the same cannot prevail over a special law such as P.D. No. 1869 or the "PAGCOR Charter." In granting a special charter to PAGCOR, legislature is presumed to have specially considered all the relevant factors and circumstances in granting the same, being mindful of PAGCOR's dual role: first, to operate and to regulate gambling casinos and second, to generate sources of additional revenue to fund infrastructure and socio-civic projects, and other essential public services.⁵¹

It remains a basic fact in law that the decision of a court or tribunal without jurisdiction is a total nullity.⁵² The Court has explained the nature and effect of void judgments:

A void judgment is in legal effect no judgment. B[y] it no rights are divested. From it no rights can be obtained. Being worthless in itself, all proceedings founded upon, it [is] equally worthless. It neither binds nor bars any one. All acts performed under it and all claims flowing out of it are void.⁵³

It is, thus, apparent that COA's actions in this case, from the issuance of Notice of Disallowance 2013-002(10) and correspondingly, the assailed Decision and Resolution, are null and void. They create no rights and produce no legal effect. Thus, we find that a reversal of the assailed COA Decision and Resolution is in order.

⁴⁸ *Council of Teachers and Staff of Colleges and Universities of the Philippines v. Secretary of Education*, G.R. No. 216930, October 9, 2018.

⁴⁹ *Republic v. Court of Appeals*, 409 Phil. 695, 705 (2001).

⁵⁰ Presidential Decree No. 1445 (1978), Sec. 2. *Declaration of Policy*.

⁵¹ Presidential Decree No. 1869 (1983), Sec. 1. *Declaration of Policy*.

⁵² *El Dorado Consulting Realty and Development Group Corp. v. Pacific Union Insurance Co.*, G.R. No. 245617, November 10, 2020.

⁵³ *Mercury Drug Corp. v. Spouses Huang*, 817 Phil. 434, 452 (2017).

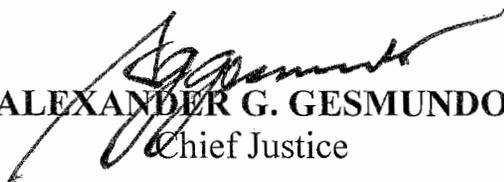
To stress, the disposition of this case rests solely on the fact that COA acted with grave abuse of discretion in conducting an audit of PAGCOR's accounts beyond the 5% franchise tax and 50% of the Government's share in its gross earnings as stated in Section 15 of P.D. No. 1869. The Court, therefore, makes no pronouncement whether the financial assistance granted to PVHA was violative of the public purpose requirement under P.D. No. 1445 and the propriety of holding petitioner civilly liable therefor, for having been rendered moot and academic.

WHEREFORE, the Petition for *Certiorari* with Application for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction is **GRANTED**. The Commission on Audit Decision No. 2015-420 dated December 28, 2015 and the Resolution dated March 21, 2017 are hereby **REVERSED** and **SET ASIDE**.

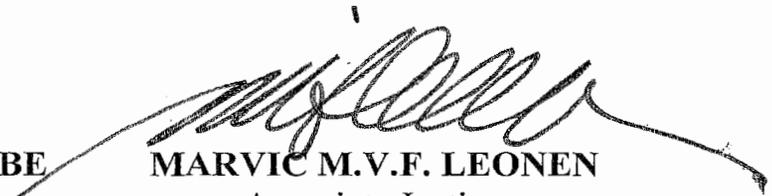
SO ORDERED.


EDGARDO L. DELOS SANTOS
Associate Justice

WE CONCUR:


ALEXANDER G. GESMUNDO
 Chief Justice


ESTELA M. PERLAS-BERNABE
 Associate Justice


MARVIC M.V.F. LEONEN
 Associate Justice

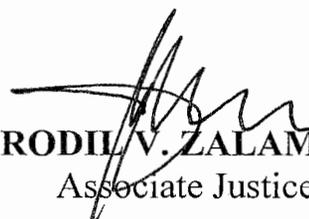
(No Part)
ALFREDO BENJAMIN S. CAGUIOA
 Associate Justice

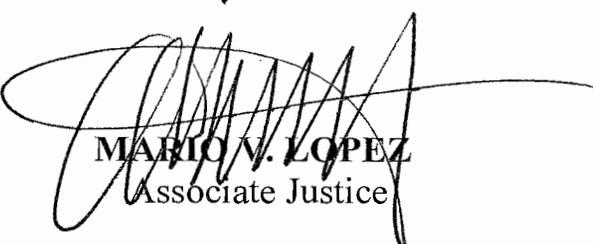

RAMON PAUL L. HERNANDO
 Associate Justice

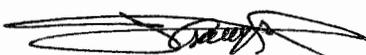

ROSMARI D. CARANDANG
 Associate Justice

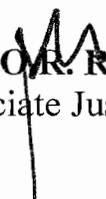

AMY C. LAZARO-JAVIER
 Associate Justice


HENRI JEAN PAUL B. INTING
 Associate Justice


RODIL V. ZALAMEDA
 Associate Justice


MARIO V. LOPEZ
 Associate Justice

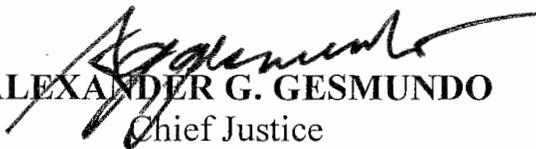

SAMUEL H. GAERLAN
 Associate Justice


RICARDO R. ROSARIO
 Associate Justice


JHOSEP Y. LOPEZ
 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.


ALEXANDER G. GESMUNDO
Chief Justice