



Republic of the Philippines
Supreme Court
Manila

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EN BANC

SUNWAY BUILDERS,
Petitioner,

G.R. No. 252986

Present:

GESMUNDO, C.J.,*
LEONEN,** *Acting C.J.*,
CAGUIOA,
HERNANDO,
LAZARO-JAVIER,
INTING,
ZALAMEDA,
LOPEZ, M.,***
GAERLAN,
ROSARIO,
LOPEZ, J.,
DIMAAMPAO,
MARQUEZ,
KHO, and
SINGH, JJ.

- versus -

COMMISSION ON AUDIT and
MUNICIPALITY OF
CARRANGLAN,
Respondents.

Promulgated:

September 20, 2022

X-----X

DECISION

INTING, J.:

Before the Court is a Petition for Review on *Certiorari*¹ (Petition) filed by Sunway Builders (Sunway) assailing the Commission on Audit

* On official business.

** Per Special Order No. 2914 dated September 15, 2022.

*** On official business.

¹ *Rollo*, pp. 3-11.

(COA) Commission Proper (COA Proper) Decision No. 2019-082² dated March 27, 2019 and Resolution³ dated November 25, 2019. In the assailed issuances, the COA Proper denied Sunway's money claim against the Municipality of Carranglan, Nueva Ecija (Carranglan) for the payment of ₱10,166,654.90 representing actual work performed for the Design-Build-Lease Contract relative to Carranglan's water supply system.⁴

Antecedents

In 2004, during the term of then-incumbent municipal mayor Luvimindo C. Otic (Mayor Otic), Carranglan, and Sunway, executed a Design-Build-Lease Contract for the construction of the municipality's water supply system.⁵ The project was financed through a loan obtained by Carranglan, represented by Mayor Otic, from the Development Bank of the Philippines (DBP).⁶

Sunway commenced project works on August 8, 2005. The original project completion date was extended from August 4, 2008 to September 2008. However, the project was not completed in full despite the extension.⁷

In 2011, Carranglan's *Sangguniang Bayan* passed a resolution terminating the contract unilaterally. While the project remained unfinished, Sunway insisted that it had accomplished 59% of the project works. Thus, it demanded payment for the work done.⁸ However, Carranglan, which was then under the mayorship of Restituto A. Abad,⁹ did not heed the demands.¹⁰

Carranglan's non-payment prompted Sunway to file a complaint before the Construction Industry Arbitration Commission (CIAC),¹¹ docketed as CIAC Case No. 02-2015, demanding the payment of the

² Id. at 16-26. Approved by COA Chairperson Michael G. Aguinaldo and Commissioners Jose A. Fabia and Roland C. Pondoc.

³ Per COA En Banc Notice No. 2020-022, id. at 34.

⁴ Id. at 16.

⁵ Id. at 5.

⁶ Id. at 42-43.

⁷ Id. at 16.

⁸ Id.

⁹ Id. at 5.

¹⁰ Id. at 16.

¹¹ Id. at 16-17.

aggregate amount of ₱19,819,589.00,¹² broken down as follows:¹³

Unpaid accomplishment	₱18,169,589.00
Attorney's fees	1,650,000.00
<u>Total</u>	<u>₱19,819,589.00¹⁴</u>

Carranglan participated in the finalization of the terms of reference and filed an answer to Sunway's complaint after seeking several extensions.¹⁵ However, its representative failed to appear at the hearing scheduled on July 15, 2015. Only a messenger came and submitted a motion requesting to postpone the hearing. The arbitrator denied the motion. Consequently, the hearing and presentation of evidence proceeded without participation from the municipality. The case was then submitted for decision.¹⁶

Ruling of the CIAC

In an Award¹⁷ promulgated on August 25, 2015, the CIAC partially granted Sunway's complaint:

WHEREFORE, judgement [*sic*] is hereby rendered in favor of Claimant SUNWAY BUILDERS and against Respondent MUNICIPALITY OF CARRANGLAN in the total amount of EIGHT MILLION THREE HUNDRED FIFTY THREE THOUSAND THREE HUNDRED TWENTY SEVEN & 17/100 (Php8,353,327.17) Pesos only Philippine Currency, broken down as follows:

Unpaid accomplishment	Php7,392,793.60
Interest	134,302.17
Retention Money	276,231.40
Attorney's fees	550,000.00
<u>Total</u>	<u>Php8,353,327.17</u>

In addition, Respondent CARRANGLAN is directed to reimburse Claimant SUNWAY the cost of arbitration in the amount of Php309,728.84.

¹² Id. at 39.

¹³ Id. at 44.

¹⁴ Id.

¹⁵ Id. at 40-41.

¹⁶ Id. at 42.

¹⁷ Id. at 39-59. Approved by CIAC Sole Arbitrator Joven B. Joaquin.

Upon this award becoming final and executory, interest of six [percent] (6%) per annum shall be further paid to Claimant SUNWAY on the outstanding total amount of P8,353,327.17 from date of this award. After finality thereof, interest at the rate of 12% per annum shall be paid thereon until full payment of the awarded amount shall have been made, this interim period being deemed to be at the time already a forbearance of credit. (*Eastern Shipping Lines, Inc. v. Court of Appeals, et al*, 243 SCRA 78 (1994)[]).

SO ORDERED[.]¹⁸ (Emphasis omitted)

The CIAC resolved the claim for unpaid work accomplishment as follows:

First, the CIAC determined that the correct *total project cost* was ₱18,211,760.00 on the basis of the following documents: (a) Sunway-issued Statement of Account and (b) Sunway-issued Request for Payment No. 5 dated September 4, 2007, which was certified and/or approved by selected officials of Carranglan, including: Engineer Cesar Baltazar, Coordinator of the Local Government Unit, Project Management Unit (LGU-PMU), and Mayor Otic.¹⁹

Second, it determined that the correct *percentage of completion* was 59%. The CIAC gave weight to the following documents: (1) the Letter dated January 13, 2010²⁰ written by Mayor Otic and addressed to DBP, asking the latter to pay Sunway an amount representing 59% accomplishment of the total project²¹ and (2) the Sunway-issued Statement of Work Accomplished dated April 30, 2008,²² which was verified true and correct by Engr. Ruel T. Cruz, Coordinator of the LGU-PMU, and approved by Mayor Otic.²³

In brief, the CIAC regarded the parties to have mutually acknowledged the *total project cost* and *percentage completion* on account of the above-mentioned correspondences and commercial documents issued, exchanged, and approved between them.²⁴

Third, the adjusted balance of unpaid work accomplishment and

¹⁸ Id. at 58-59.

¹⁹ Id. at 49.

²⁰ Id. at 43.

²¹ Id. at 49.

²² Id. at 43.

²³ Id. at 49.

²⁴ Id.

Total Award amounting to ₱7,392,793.60 was computed as follows:

Total Project Cost ²⁵	₱18,211,760.00
Multiply By Percentage of Completion ²⁶	59.00%
Unpaid work accomplishment acknowledged by both parties ²⁷	₱10,744,938.00
Less Amount already paid by Carranglan ²⁸	-3,352,144.40
Unpaid work accomplishment, as adjusted ²⁹	₱7,392,793.60

The parties did not appeal from the CIAC Award. As a result, it lapsed into finality³⁰ and consequently, the CIAC issued a Writ of Execution³¹ dated November 24, 2015 to implement the CIAC Award.

On the basis of the above-mentioned CIAC Award and Writ of Execution, Sunway filed a money claim before the COA Proper to collect from Carranglan the amount of ₱10,166,654.90,³² computed as follows:

Unpaid work accomplishment	₱7,392,793.60
Interest	134,302.17
Retention money	276,231.40
Attorney's fees	550,000.00
Cost of arbitration	309,728.84
Interest	
6% per annum from August 25, 2015	501,199.63
12% per annum until full payment	1,002,399.26
TOTAL	₱10,166,654.90

After evaluation, the COA Audit Team Leader (ATL) found that the claim lacked legal basis. The ATL noted that the claim represented partial work performed as of September 8, 2008, which was beyond the

²⁵ Id.

²⁶ Id.

²⁷ Id.

²⁸ Id. at 50.

²⁹ Id.

³⁰ Id. at 18.

³¹ Id. at 60-61. Signed by CIAC Sole Arbitrator Joven B. Joaquin and approved by CIAC Chairman Manuel M. Cosico and Members Antonio A. Abola and Emilio Lolito J. Tumbocon.

³² Id. at 18.

original contract period.³³ Further, it noted that Sunway should have been required to pay liquidated damages on account of the delay in the project's completion and implementation.³⁴

In the 1st Indorsement dated May 25, 2017, the COA Regional Director agreed with the ATL's findings and recommended that the money claim be denied. In particular, the COA Regional Director cited the following reasons to justify denial: the project's completion was delayed; its implementation was attended by lapses and violations of pertinent rules and regulations; and the contract's terms and stipulations were not observed.³⁵

Ruling of the COA Proper

In the assailed Decision³⁶ dated March 27, 2019, the COA Proper denied Sunway's claim *in toto*, viz.:

WHEREFORE, premises considered, the Petition for Money Claim of Sunway Builders against the Municipality of Carranglan, Nueva Ecija, for the enforcement of the Award in the Construction Industry Arbitration Commission Case No. 02-2015 for the payment of actual accomplishments relative to the Design-Build-Lease Contract for the water supply is hereby DENIED for lack of merit.

The Audit Team Leader and Supervising Auditor are directed:

1. To evaluate the difference between the actual payment made and the equivalent amount of accomplishment and issue a Notice of Disallowance, if warranted;
2. To evaluate Audit Observation Memorandum No. 2007-04 dated August 2, 2007 relative to the 2nd and 5th payments made to Sunway Builders which were not supported with accomplishment reports and other supporting documents, and issue a Notice of Disallowance, if warranted; and
3. To compute the liquidated damages for the delay in the completion of the project, and issue a Notice of Disallowance, if warranted.

³³ Id.

³⁴ Id. at 19.

³⁵ Id.

³⁶ Id. at 16-26.

Further, the municipality is ordered to forfeit the performance security posted by Sunway Builders, if any.

Finally, 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.³⁷ (Emphasis omitted)

The COA Proper anchored its decision to deny Sunway's claim mainly on the latter's failure to substantiate it, particularly that it had completed/accomplished 59% of the total project. It explained that "the propriety and validity of the 59% work accomplishment being claimed cannot be determined properly and accurately due to the *non-submission of the Statement of Work Accomplished (SWA) and other documents.*"³⁸ Significantly, the COA Proper did not give credence to the documents relied upon by the CIAC in ascertaining the accuracy of the 59% work accomplishment because these were: (a) not first submitted to the COA for verification; (b) admitted without cross-examination by Carranglan; and (c) not authenticated.³⁹

The COA Proper gave more weight to the COA ATL's and Regional Director's findings and recommendation: (1) that the project was only 36% accomplished;⁴⁰ (2) that Carranglan made payments in the aggregate amount of ₱6,622,244.40, which represented 36% of the *original* project cost; and (3) that Carranglan should even be considered to have overpaid, taken that there was a negative adjustment to the original project cost, resulting in a decrease of ₱117,750.00 from the original project cost.⁴¹

Further, the COA Proper also noted that that the COA Regional Director already issued Audit Observation Memorandum No. (AOM) 2007-004 in relation to Carranglan's payments to Sunway. In the AOM, it was observed that Carranglan's second to fifth payments to Sunway were not supported by accomplishment reports and DBP-approved requests for payment. The deficiencies may be grounds for the disallowance of the payments.⁴²

³⁷ Id. at 24-25.

³⁸ Id. at 20. Italics supplied.

³⁹ Id. at 21.

⁴⁰ Id.

⁴¹ Id.

⁴² Id.

Finally, the COA Proper emphasized that the project was incomplete and that the non-completion thereof was attributable to Sunway.⁴³ Its failure to complete the project within the time provided resulted in: (1) the forfeiture of Sunway's performance security deposit, as provided under Section 69.2 of the Implementing Rules and Regulations (IRR) of Republic Act No. 9184 and (2) the accrual of liquidated damages payable to the government, pursuant to Section 68 of the IRR.⁴⁴

After its motion for reconsideration⁴⁵ was denied⁴⁶ by the COA Proper, Sunway filed the instant Petition.⁴⁷

Petitioner's Arguments

Sunway seeks to have the assailed COA Proper rulings reversed and set aside based on the following arguments:

RESPONDENT COA HAS NO POWER AND AUTHORITY TO MODIFY OR REVERSE THE FINAL AND EXECUTORY AWARD RENDERED BY CIAC ON AUGUST 25, 2015 WHICH UNDER THE LAW, IT HAS EXCLUSIVE AND ORIGINAL JURISDICTION OVER CLAIMS AGAINST GOVERNMENT AGENCIES/ INSTRUMENTALITIES;⁴⁸

THE RESPONDENT COA ERRED IN DENYING PETITIONER'S PETITION FOR MONEY CLAIM AGAINST CO-RESPONDENT MUNICIPALITY OF CARRANGLAN;⁴⁹ [AND]

BASED ON THE FACTS AND EVIDENCE THAT THE PETITIONER HAS PRESENTED BEFORE THE CIAC, IS [SIC] LEGALLY ENTITLED TO CLAIM FOR THE MONETARY AWARD STATED THEREIN. THUS, THE RESPONDENT COA ERRED IN DISREGARDING THE DECISION OF THE CIAC[.]⁵⁰

In other words, Sunway asserts that the COA Proper committed grave abuse of discretion in denying its money claim, inasmuch as the COA Proper has no authority to modify much less reverse a final and

⁴³ Id.

⁴⁴ Id. at 22.

⁴⁵ Id. at 28-32.

⁴⁶ Id. at 34.

⁴⁷ Id. at 3-11.

⁴⁸ Id. at 8.

⁴⁹ Id. at 9.

⁵⁰ Id. at 10.

executory CIAC Award.⁵¹

Respondents' Arguments

In its Comment,⁵² the COA, represented by the Office of the Solicitor General, counters that the present petition should be dismissed on account of the following procedural lapses: (1) petitioner failed to attach relevant pleadings and documents (*e.g.*, copies of the COA Proper Resolution denying petitioner's motion for reconsideration, Design-Build-Lease Contract, Mayor Otic's Letter dated January 13, 2010 to the DBP, and Sunway's money claim filed before the COA Proper)⁵³ and (2) petitioner failed to sign the explanation why it resorted to filing and service *via* registered mail.⁵⁴ In addition, it insists that the COA Proper has jurisdiction over the money claim⁵⁵ and that it correctly denied such claim, taken that there was in fact an overpayment to Sunway.⁵⁶

Issue

The primary question in the present controversy is: Did the COA Proper commit grave abuse of discretion when it denied Sunway's money claim and refused to execute the final and executory Award rendered by the CIAC?

Our Ruling

The petition is meritorious.

I

At the onset, the Court underscores that the proper remedy to assail a COA Proper ruling is through *certiorari* proceedings before the Court *via* Rule 64, in relation to Rule 65, of the Rules of Court. However, the Court notes that the present petition is captioned as a "Petition for Review for *Certiorari*." Nevertheless, the Court brushes aside the procedural lapse in nomenclature. Taken that the present

⁵¹ Id. at 9.

⁵² Id. at 73-93.

⁵³ Id. at 78.

⁵⁴ Id. at 81.

⁵⁵ Id. at 83-86.

⁵⁶ Id. at 86-88.

petition was filed within the 30-day reglementary period provided under Section 3 of Rule 64, the Court shall treat the instant action as a petition for *certiorari*.

The Court shall first address Sunway's alleged procedural lapses raised by the COA in its Comment. The COA points out that the Petition is defective on account of the following: (1) Sunway's failure to attach copies of the COA Proper Resolution denying Sunway's motion for reconsideration, Design-Build-Lease Contract, Mayor Otic's Letter dated January 13, 2010 to the DBP, and Sunway's money claim filed before the COA Proper⁵⁷ and (2) Sunway's failure to sign the Explanation appended to the Petition, providing its reason for resorting to filing and service *via* registered mail.⁵⁸

In the Court's view, the above-enumerated procedural lapses are not fatal and do not warrant the outright dismissal of the Petition.

Attachments to the Petition

First, the Court observes that the COA Proper denied Sunway's motion for reconsideration through a minute resolution. As a matter of procedure, the Commission Secretary recorded this resolution in the COA Proper's Minutes of Meeting held on November 25, 2019.⁵⁹ The parties were duly notified thereof through COA En Banc Notice No. 2020-022⁶⁰ dated February 12, 2020 (Notice); thus:

Sirs/Mesdames:

Please take notice that the Commission Proper (CP) *en banc* issued a resolution on November 25, 2019, which reads as follows:

COA CP case No. 2016-827 - MOTION FOR RECONSIDERATION OF SUNWAY BUILDERS OF COMMISSION ON AUDIT DECISION NO. 2019-082 DATED MARCH 27, 2019, WHICH DENIED THE PETITION FOR MONEY CLAIM AGAINST THE MUNICIPALITY OF CARRANGALAN, NUEVA ECIJA, FOR PAYMENT OF ACTUAL ACCOMPLISHMENTS RELATIVE TO THE DESIGN-BUILD-LEASE CONTRACT FOR THE WATER SUPPLY SYSTEM IN THE TOTAL AMOUNT OF P10,166,654.90.

⁵⁷ Id. at 78.

⁵⁸ Id. at 81.

⁵⁹ The notation at the bottom portion of the COA En Banc Notice No. 2020-022 indicates that said notice was culled from the Minutes of Meeting on November 25, 2019, the date on which the COA Proper resolved to deny petitioner's motion for reconsideration. Id. at 34.

⁶⁰ Id.

“The CP denied the Motion for Reconsideration for failure to raise any new matter or other sufficient ground to justify a reconsideration of the assailed decision.”

Very truly yours,

[signed]
NILDA B. PLARAS
Director IV
Commission Secretary

It is only reasonable to expect Sunway to submit the Notice itself rather than the actual Minutes of Meeting prepared by the Commission Secretary.

Second, verily, Section 5, Rule 64 of the Rules of Court cites the failure to attach *relevant* documents as sufficient ground for the dismissal of a petition. However, Sunway’s mere failure to attach certain documents referred to in the course of narrating the facts of the case or expounding on arguments will not *ipso facto* result in the Petition’s outright dismissal.⁶¹ The completeness, sufficiency, and relevance of the Petition’s attachments shall be determined based on the specific material allegations pleaded therein. The Court is allowed sufficient discretion in evaluating the necessity for copies of pleadings and other documents,⁶² guided by the following rules enunciated in *Air Philippines Corp. v. Zamora*⁶³ (*Air Philippines*):

First, not all pleadings and parts of case records are required to be attached to the petition. Only those which are relevant and pertinent must accompany it. The test of relevancy is whether the document in question will support the material allegations in the petition, whether said document will make out a prima facie case of grave abuse of discretion as to convince the court to give due course to the petition.

Second, even if a document is relevant and pertinent to the petition, it need not be appended if it is shown that the contents thereof can also found in another document already attached to the petition. Thus, if the material allegations in a position paper are summarized in a questioned judgment, it will suffice that only a certified true copy of the judgment is attached.

⁶¹ See *Galvez v. Court of Appeals*, 708 Phil. 9, 10 (2013).

⁶² *Air Philippines Corp. v. Zamora*, 529 Phil. 718, 727-728 (2006).

⁶³ 529 Phil. 718 (2006).

Third, a petition lacking an essential pleading or part of the case record may still be given due course or reinstated (if earlier dismissed) upon showing that petitioner later submitted the documents required, or that it will serve the higher interest of justice that the case be decided on the merits.⁶⁴ (Citations omitted; emphasis supplied)

Notably, the guideposts were observed in *Callang v. Commission on Audit*,⁶⁵ where the Court found the Rule 64 petition compliant with the documentary requirements under Section 5, even though the COA Audit Team Leader and the Supervising Auditor's respective recommendations were not attached.

As for the First Guidepost laid down in *Air Philippines*, We note that the Petition is grounded mainly on the COA Proper's alleged lack of authority to set aside the final and executory CIAC Award. In support thereof, Sunway submitted copies of the CIAC Award,⁶⁶ the Writ of Execution,⁶⁷ as well as the assailed COA Proper Decision⁶⁸ and Resolution.⁶⁹ Thus, the Court finds the submissions to be sufficient compliance with the documentary requirements set forth in Section 5, Rule 64⁷⁰ of the Rules of Court, inasmuch as they directly support Sunway's material allegations.

As for the Second Guidepost, it must be stressed that while the Design-Build-Lease Contract, Mayor Otic's Letter dated January 13, 2010 to the DBP, and Sunway's money claim filed before the COA Proper, are referred to in the Petition, the documents are not particularly indispensable for the determination of whether the COA Proper committed grave abuse of discretion in denying Sunway's money claim notwithstanding the final and executory CIAC Award. In any case, the

⁶⁴ Id.

⁶⁵ G.R. No. 210683, January 8, 2019.

⁶⁶ *Rollo*, pp. 39-59.

⁶⁷ Id. at 60-61.

⁶⁸ Id. at 16-26.

⁶⁹ Through COA En Banc Notice No. 2020-022 dated February 12, 2020, *rollo*, p. 34.

⁷⁰ SEC. 5. *Form and contents of petition.* — x x x

The petition shall be accompanied by a clearly legible duplicate original or certified true copy of the judgment, final order or resolution subject thereof, together with certified true copies of such material portions of the record as referred to therein and other documents relevant and pertinent thereto. x x x

x x x x

The failure of petitioner to comply with any of the foregoing requirements shall be sufficient ground for the dismissal of the petition.

tenor or import of the documents could be ascertained⁷¹ from the discussions provided in the CIAC Award,⁷² as well as the assailed COA Proper Decision.⁷³

Signature on the Explanation Page

The Petition was filed personally⁷⁴ before the Court but was served upon the relevant parties *via* registered mail. While the Petition is accompanied by a written explanation⁷⁵ as required by Section 11,⁷⁶ Rule 13 of the 1997 Rules of Court, the COA argues that the explanation does not produce any legal effect because Sunway and/or its counsel left the explanation page unsigned.⁷⁷

The Court does not subscribe to the COA 's theory.

Previously, Section 11, Rule 13 of the 1997 Rules of Court mandated that the service and filing of pleadings be done personally. However, the rule also allows a party to resort to alternative modes, provided he or she attaches to the pleading a written explanation why the service or filing was not done personally. However, this requirement is now regarded as the old rule on the service and filing of pleadings.

On October 15, 2019, the Court promulgated A.M. No. 19-10-20-SC⁷⁸ introducing amendments to the 1997 Rules of Court. Notably, Rule 13 of the rules, as amended, no longer prioritizes personal service/filing over the alternative modes. As a litigant is given liberty to choose between personal service and service by mail, it follows that the new

⁷¹ In *Callang v. Commission on Audit*, *supra*, the Court held, "In the assailed COA Decision, it stated that the ATL and the SA both opined that Callang was faultless or that she was not negligent in the loss of the funds under her custody. Thus, even without the ATL and the SA's Memoranda, it can be ascertained from the COA Decision attached in Callang's petition that they had recommended for the approval of Callang's request — unfortunately it was reversed by the COA-ASB and affirmed by the COA." (Emphasis supplied.)

⁷² See *rollo*, pp. 43, 49-50.

⁷³ *Id.* at 21.

⁷⁴ *Id.* at 1.

⁷⁵ *Id.* at 13.

⁷⁶ Section 11. *Priorities in modes of service and filing.* — Whenever practicable, the service and filing of pleadings and other papers shall be done personally. Except with respect to papers emanating from the court, a resort to other modes must be accompanied by a written explanation why the service or filing was not done personally. A violation of this Rule may be cause to consider the paper as not filed.

⁷⁷ *Rollo*, p. 81.

⁷⁸ 2019 Amendments to the 1997 Rules of Civil Procedure, took effect on May 1, 2020.

rules have dispensed with the requirement of providing a written explanation.

Taken that the present Petition was filed in August 2020, Sunway was no longer required to provide a written explanation for its service *via* registered mail.

II

Procedural matters now aside, the Court focuses on the central issue of grave abuse of discretion.

COA's jurisdiction over money claims against the government versus CIAC's jurisdiction over disputes arising from construction contracts entered into with the government.

The Court recognizes that the law⁷⁹ vests the COA Proper with original jurisdiction over money claims or collection suits filed against the Government.⁸⁰ However, it is clear that the authority to take cognizance of these cases is not exclusive to the COA Proper. Other tribunals or adjudicative bodies, such as the CIAC, share this original jurisdiction. On the other hand, the CIAC has *original and exclusive* jurisdiction, in particular, over disputes arising from, or connected with, construction contracts, including contracts to which the government is a party.⁸¹ In disputes involving the collection from a government

⁷⁹ Section 26 of Presidential Decree No. 1445 provides:

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

⁸⁰ Sec. 1, Rule VIII, 2009 Revised Rules of Procedure of the Commission on Audit.

⁸¹ *Tourism Infrastructure and Enterprise Zone Authority v. Global-V Builders Co.*, G.R. No. 219708, October 3, 2018.

instrumentality of an amount payable arising from a construction contract, the CIAC's jurisdiction—which is more specific to construction contract matters—should take precedence over the COA Proper's general authority to adjudicate money claims against the government where the parties resort to the CIAC directly to resolve the controversy.

That the CIAC, upon the submission of the construction contract dispute to arbitration, exercises its jurisdiction *to the exclusion of the COA* is a matter that has been settled squarely in the recent case of *Taisei Shimizu Joint Venture (TSJV) v. Commission on Audit*⁸² (*Taisei*), viz.:

First off, there is noting in the Constitution, laws, or even the COA rules expressly granting the COA original *and exclusive* jurisdiction over money claims due from or owing to the government.

x x x x

Other tribunals/adjudicative bodies, too, may have concurrent jurisdiction with the COA over money claims against the government or in the audit of the funds of government agencies and instrumentalities.

x x x x

In the recent case of *Tourism Infrastructure and Enterprise Zone Authority (TIEZA) v. Global-V Builders Co.*, the Court ruled that where TIEZA and the private contractor validly agreed to submit their construction dispute to arbitration, the CIAC properly exercised its jurisdiction over the case.

x x x x

Considering that TSJV and [the Department of Transportation] had voluntarily invoked CIAC's jurisdiction, the power to hear and decide the present case has thereby been *solely vested in the CIAC to the exclusion of COA*. Being a specific law, [Executive Order] No. 1008 providing for CIAC's exclusive jurisdiction prevails over [Presidential Decree No.] 1445, granting the COA the general jurisdiction over money claims due from or owing to the government. x x x⁸³ (Emphasis supplied)

In other words, when the dispute is for arbitration, the CIAC shall have the exclusive authority to settle and resolve the issues arising therefrom. However, that is not to say that the COA loses completely its

⁸² G.R. No. 238671, June 2, 2020.

⁸³ Id.

power to adjudicate these money claims. Upon the issuance of a CIAC award, the prevailing party must still file a money claim before the COA, inasmuch as “the proper procedure to enforce a judgment award against the government is to file a separate action before the COA for its satisfaction.”⁸⁴

Nature and extent of the COA's audit power over money claims previously tried/subjected to arbitration.

At this juncture, it becomes apparent that all money claims against the government will eventually come within the COA's jurisdiction. *However, not all money claims will invoke the fullest extent of the COA's audit and examination powers, inasmuch as some of these may have already been litigated or arbitrated previously.*⁸⁵

Taking from COA Chairperson Michael Aguinaldo's discussion in his dissenting opinion to the assailed COA Proper Decision in *Taisei*, the Court distinguished between the *two types of money claims* cognizable by the COA, *viz.*: (1) money claims originally filed before the COA,⁸⁶ or those to be litigated/adjudicated for the very first time and (2) money claims arising from a final and executory judgment previously rendered by a court or arbitral body that duly exercised its original jurisdiction thereof ahead and, thus, to the exclusion of the COA.⁸⁷

The COA is regarded to have full authority to adjudicate claims of the *first type*, as these are submitted to it at first instance. Certainly, it shall be the COA's duty to evaluate the claim properly and thoroughly, taken that these actions have not had the benefit of a previous trial or examination by a competent court or tribunal.⁸⁸

In contrast, the COA's audit approach shall be necessarily different when claims of the *second type* are brought before it. In *Taisei*, the Court underscored the *limited character* of COA's authority over claims arising from a previous final and executory judgment of a court, tribunal, or

⁸⁴ *NPC Drivers and Mechanics Assn. (NPC DAMA) v. The National Power Corp. (NPC)*, 821 Phil. 62, 85 (2017).

⁸⁵ See *Taisei Shimizu Joint Venture v. Commission on Audit*, supra note 82.

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ *Theo-Pam Trading Corp. v. Bureau of Plant Industry*, G.R. No. 242764, January 19, 2021.

other adjudicative body.⁸⁹ The Court also outlined guiding principles as regards COA's limited authority.

First, “[o]nce a court or other adjudicative body validly acquires jurisdiction over a money claim against the government, it exercises and retains jurisdiction over the subject matter to the exclusion of all others, including the COA.” *Second*, “[t]he COA has no appellate review power over the decisions of any other court or tribunal. *Third*, “[t]he COA is devoid of power to disregard the principle of immutability of final judgments.”⁹⁰ In sum, “[t]he COA’s exercise of discretion in approving or disapproving money claims that have been determined by final judgment is akin to the power of an execution court.”⁹¹

Stated differently, the CIAC’s exercise of jurisdiction over the original controversy to the exclusion of the COA, the COA’s lack of appellate jurisdiction over CIAC awards, and the principle of immutability of judgments, serve as *bars* to the COA’s exercise of its general audit powers, such that the COA may no longer: (a) relitigate and re-examine the issues and evidence, respectively, which have already been passed upon by the CIAC; (b) review the case on the merits, as if on appeal; and much less (c) reverse or modify the final CIAC award. *When these bars apply to a case but the COA disregards them, its actions shall be considered unauthorized, and thus, tainted with grave abuse.*

Lest it be misunderstood, the Court must clarify that while the COA’s jurisdiction with respect to claims of the second type is *limited*, it is not reduced to a perfunctory function such that it is bound to approve all said money claims without exception.

Certainly, the party that seeks to enforce a CIAC award has the foremost responsibility of establishing his or her claim by way of evidence, particularly that the CIAC rendered an award in his or her favor and the award has lapsed into finality. In filing the money claim/petition, the claimant must observe the formal requirements set forth under the 2009 Revised Rules of Procedure of the Commission on Audit, the most important of which is the submission to the COA of a certified true copy of the CIAC award relied upon as proof of his or her

⁸⁹ *Taisei Shimizu Joint Venture v. Commission on Audit*, supra note 82.

⁹⁰ *Id.*

⁹¹ *Id.*

entitlement and the finality thereof.⁹²

For its part, the COA remains duty-bound to validate the claims, *only that it must do so within its limited authority*. Once it has ascertained that the CIAC award has become final, there is nothing left for the COA to do but to *execute* the award.⁹³ In its execution, the COA shall respect and uphold the award's finality. Thus, in *Taisei*, the Court pronounced that the COA is restricted to determining the source of funds from which the award may be satisfied, in accordance with the laws the COA is tasked to implement.⁹⁴ To add, it is understood that the COA may also validate the clerical/mathematical accuracy of the award computation and verify whether there have been payments made from the time the award became final, if only to avoid double payment.

III

As applied to the present case

To recall, Sunway submitted the dispute for arbitration. During the course of the proceedings, Carranglan participated in the finalization of the terms of reference and filed an answer to the complaint.⁹⁵ However, due to its representative's failure to appear during the scheduled hearing, Sunway's presentation of evidence proceeded without Carranglan's involvement.⁹⁶ Despite its absence during the presentation, *there is nothing in the rollo that suggests that Carranglan submitted any*

⁹² Rule VIII of the 2009 Revised Rules of Procedure of the Commission on Audit provides:

"Section 2. *Money claim*. — A money claim against the government shall be filed directly with the Commission Secretary in accordance with the following:

- a. *Petition*. — A claimant for money against the Government, whose claim is cognizable by the Commission Proper, may file a petition. The party seeking relief shall be referred to as "Petitioner" and the government agency or instrumentality against whom a claim is directed shall be referred to as "Respondent." The petition shall also be assigned a docket number as provided in these Rules.
- b. *Contents of Petition*. — The petition shall contain the personal circumstances or juridical personality of the petitioner, a concise statement of the ultimate facts constituting his cause of action, a citation of the law and jurisprudence upon which the petition is based and the relief sought. *The petition shall be accompanied by certified true copies of documents referred therein and other relevant supporting papers.*
- c. *Filing of Petition*. — The petition shall be filed with the Commission Secretary, a copy of which shall be served on the respondent. Proof of service of the petition on the respondent together with proof of the payment of filing fee shall be attached to the petition.

x x x x" (Emphasis supplied).

⁹³ *Taisei Shimizu Joint Venture v. Commission on Audit*, supra note 82.

⁹⁴ *Id.*

⁹⁵ *Rollo*, p. 41.

⁹⁶ *Id.* at 42.

*objection to Sunway's subsequent formal offer of documentary evidence.*⁹⁷

Thereafter, the CIAC already determined that the correct completion rate for the project was 59%. Further, in computing the balance of unpaid accomplishment (₱7,392,793.60), the arbitrator also considered the interim payments made by Carranglan.⁹⁸ *Carranglan did not appeal from the CIAC Award, allowing it to lapse to finality. The final and executory character of the CIAC Award is no longer disputed.*⁹⁹

On the other hand, in the assailed Decision, *the COA Proper ignored the CIAC Award's final and executory character.*

*First, it relitigated matters pertaining to the completion rate, payments already made by Carranglan, and the overall substantiation of the balance of unpaid accomplishment.*¹⁰⁰

*Second, it re-examined the evidence already presented to and evaluated by the CIAC, particularly those establishing that the total project cost and completion rate have been mutually acknowledged by the parties.*¹⁰¹ The COA Proper disregarded the probative value given by the CIAC to certain documents, *viz.:*

The letter dated January 13, 201[0] of the then Mayor of Carranglan to the DBP, together with the [Statement of Work Accomplished] which was used by the [CIAC] as basis, *should have been submitted to the Commission for verification or validation of the actual accomplishment.* It is worth to note that the letter was *not cross-examined by the municipality, having waived its right to cross-examine the claimant's evidence.* In fact, the letter was *not even duly identified and verified as to its genuineness and authenticity* in the arbitration proceedings. Thus, the same may not be given credence. Basic is the requirement that claims against government funds shall be supported with completed documentation.¹⁰² (Emphasis supplied)

It appears that the COA was under the impression that the key documents were neither admissible nor credible because these were: (a) not submitted to the COA for prior verification and (b) not authenticated

⁹⁷ But see *id.* at 21.

⁹⁸ *Id.* at 51.

⁹⁹ See *id.* at 18.

¹⁰⁰ See *id.* at 20-23.

¹⁰¹ See *id.* at 49.

¹⁰² *Id.* at 21.

and cross-examined.¹⁰³ Stated differently, the COA brushed aside the key documents despite the absence of any CIAC rule or evidentiary rule requiring prior COA verification, as well as Carranglan's failure to timely object to the admissibility of evidence.¹⁰⁴

Third, it refused to execute the final CIAC Award. The COA Proper gave more weight to the ATL/Regional Director's audit findings/recommendation and denied Sunway's money claim.¹⁰⁵ In its complete turnaround from the Award, it even found Sunway liable for liquidated damages and ordered Carranglan to forfeit the performance security deposit posted by Sunway. In the end, the COA Proper directed the ATL and Supervising Auditor to quantify the liquidated damages and determine whether the issuance of notices of disallowance is warranted.¹⁰⁶

It is clear from the foregoing that the COA *stepped beyond its limited authority*¹⁰⁷ in dealing with Sunway's money claim, which was on a *final and executory CIAC Award*. Thus, the acts constitute grave abuse of discretion amounting to lack or excess of jurisdiction on the part of the COA Proper.

Finally, as the Court resolved in *Taisei*,¹⁰⁸ the Court likewise remands the present case to the COA. The COA shall dispose of Sunway's money claim: (a) by *upholding the final and executory character of the CIAC Award* upon which the money claim was based and (b) in accordance with the principles laid down in this Decision and in *Taisei*.

WHEREFORE, the instant petition is **GRANTED**. The COA Proper Decision No. 2019-082 dated March 27, 2019 and Resolution dated November 25, 2019 are **REVERSED** and **SET ASIDE**. The case is **REMANDED** to the COA for the proper execution of the final and executory CIAC Award promulgated on August 25, 2015, the determination of funding source, and the final settlement of the arbitral award.

¹⁰³ Id.

¹⁰⁴ See id. at 48.


¹⁰⁵ Id. at 18-21.

¹⁰⁶ Id. at 24.

¹⁰⁷ In *Taisei*, the Court pronounced: "It is well-settled that the jurisdiction to delimit constitutional boundaries has been given to this Court. We will not shirk our duty to rein in State actors and agents who *overstep their authority*." Supra note 82. (Emphasis supplied.)


¹⁰⁸ Id.

SO ORDERED.



HENRI JEAN PAUL B. INTING
Associate Justice

WE CONCUR:

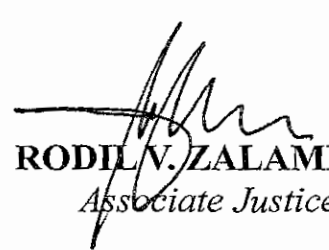
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ALEXANDER G. GESMUNDO
Chief Justice


MARVIC M.V.F. LEONEN
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ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

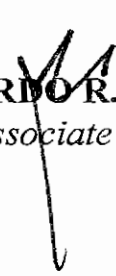

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ANTONIO T. KHO, JR.
Associate Justice



MARIA FILOMENA D. SINGH
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.


MARVIC M.V.F. LEONEN
Acting Chief Justice
(Per S.O. No. 2914 dated September 15, 2022)

CERTIFIED TRUE COPY


MARIA LUISA M. SANTILLA
Deputy Clerk of Court and
Executive Officer
OCC-En Banc, Supreme Court