



Republic of the Philippines
Supreme Court
 Manila

EN BANC

INCUMBENT AND FORMER
 EMPLOYEES OF THE
 NATIONAL ECONOMIC AND
 DEVELOPMENT AUTHORITY
 (NEDA) REGIONAL OFFICE
 (RO) XIII: DELA CALZADA,
 MICHELLE P., CARDONA-ATO,
 ELVIE, BATINCILA, GLENN B.,
 BERIDO, JAZMIN D.,
 CADUYAC, FIDES JOY A.,
 CALAMBA, MARY JEAN G.,
 CARIÑO, MYLAH FAYE
 AURORA B., CASTILLON,
 MITCHELL C., GIDACAN,
 EMMANUEL Z., HARTING,
 GRAZIELLA C., JAQUILMAC,
 ANN B., LARIBA, ELSIE E.,
 MAUR, MELANIE A., MENDEZ,
 RHEA MAE C., MICULOB, IAN
 G., MISSION, NAOMI T.,
 NEISLER, ANNA LORAIN M.,
 OLAM, GEMIMA A.,
 PARDIANG, EDDIE B. TENER,
 RENANTE O.; TORRALBA,
 APRIL KRISTINE G.,
 TOROTORO, SHIRLEY C.,
 VERDUN, SHERWIN E., and
 VILLANUEVA, FRANCISCO
 ROMULUS C.,

Petitioners,

G.R. No. 261280

Present:

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

Promulgated:

October 3, 2023

-versus-

COMMISSION ON AUDIT,
 CHAIRPERSON MICHAEL G.
 AGUINALDO, COMMISSIONER

* On official business.

**ROLANDO C. PONDOC, THE
REGIONAL DIRECTOR COA
REGIONAL OFFICE CARAGA
THE CLUSTER DIRECTOR,
CLUSTER 2 — LEGISLATIVE
AND OVERSIGHT, NATIONAL
GOVERNMENT SECTOR,**

Respondents.

X-----X

DECISION

M. LOPEZ, J.:

May the Commission on Audit (COA) Proper review and reverse its ruling of exemption *motu proprio*? This is the primordial issue raised in this Petition for *Certiorari*¹ under Rule 64, in relation to Rule 65, of the Rules of Court, assailing the December 22, 2021 Resolution² of the COA Proper in Decision No. 2021-491.

Facts

Pursuant to Civil Service Commission (CSC) Memorandum Circular (MC) No. 01,³ which laid down the revised policies on Program on Awards and Incentives for Service Excellence, the National Economic and Development Authority (NEDA) issued Office Circular (OC) No. 03-2005⁴ providing the guidelines for the establishment and implementation of its own award system, known as the NEDA Awards and Incentives System (NAIS). Among the awards available under the NAIS is the Cost Economy Measure Award (CEMA)—a monetary incentive “[g]ranted to an employee or team whose contributions such as ideas, suggestions, inventions, discoveries or performance of functions result in savings in terms of manhours and cost or otherwise benefit the agency and government as a whole.”⁵

NEDA Regional Office XIII-Caraga Region (NEDA Caraga) then granted across-the-board CEMA to its employees in 2010,⁶ 2011,⁷ and 2012,⁸ charged against the agency’s year-end savings.

¹ *Rollo*, pp. 3–78.

² *Id.* at 104–109. Signed by Chairperson Michael G. Aguinaldo and Commissioner Roland C. Pondoc of the Commission on Audit, Quezon City.

³ “Program on Awards and Incentives for Service Excellence (PRAISE)” dated January 26, 2001.

⁴ *Rollo*, 111–134; “NEDA Awards and Incentives System (NAIS)” dated April 26, 2005.

⁵ *Id.* at 127.

⁶ *Id.* at 138–139; NRO XIII Awards and Incentives Committee Resolution No. 2-2010 dated December 15, 2010.

⁷ *Id.* at 141–142; NRO XIII Awards and Incentives Committee Resolution No. 2-2011 dated December 13, 2011.

⁸ *Id.* at 144–146; NRO XIII Awards and Incentives Committee Resolution No. 2-2012 dated December 14, 2012.

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However, upon post-audit, the Audit Team Leader (ATL) and Supervising Auditor (SA) found that the CEMA was irregular and unauthorized because it was: (1) not in accord with the Total Compensation Framework established under the Senate and House of Representatives Joint Resolution (JR) No. 04;⁹ (2) not supported by specific appropriations; and (3) not supported by clear and sufficient indicators, baselines, metrics, or standards that would justify entitlement to the award.¹⁰ Thus, the ATL and SA issued an Audit Observation Memorandum (AOM), recommending the refund of the CEMA and imposition of sanctions against the erring officials and employees. NEDA Caraga officials were also reminded to ensure compliance with the applicable laws and regulations in its future grant of monetary incentives.¹¹

Then NEDA Caraga Regional Director, Carmencita S. Cochingco (Cochingco) responded in a Letter¹² that argued for the validity of the CEMA and invoked good faith in its grant and receipt.

Unconvinced, the ATL and SA issued an ND,¹³ disallowing the CEMA disbursed from 2010 to 2012, amounting to an aggregate of PHP 882,759.07, for the same reasons stated in the AOM. Conchingco, together with the other NEDA Caraga officers, namely: Venus S. Derequito (Derequito); Sherwin T. Sells (Sells); Elsie O. Casurra (Casurra); and Jayson G. Dy (Dy), were held liable under the ND for approving and/or certifying the grant of CEMA. NEDA Caraga employees, which include Michelle P. Dela Calzada, *et al.* (petitioners), were also made liable under the ND as recipients.¹⁴ The ND was sent to NEDA Caraga through Cochingco and its accountant, Dy.¹⁵

Insisting on the validity of the CEMA grant, then NEDA Caraga Officer-in-Charge Mylah Faye Aurora B. Cariño questioned the ND before the COA National Government Sector (NGS) – Cluster 2.¹⁶ In its Decision No. 2015-03,¹⁷ the NGS affirmed the validity of the ND, as well as the liability of the approving and/or certifying officers. But as mere passive recipients of the disallowed amount, petitioners Michael P. Dela Calzada et al. (Dela Calzada et al.) were excused from the obligation to refund.¹⁸

After automatic review, the COA Proper issued Decision No. 2018-306.¹⁹ It approved the NGS ruling in its entirety—confirmed the validity of

⁹ “Joint Resolution Authorizing the President of the Philippines to Modify the Compensation and Position Classification System of Civilian Personnel and the Base Pay Schedule of Military and Uniformed Personnel in the Government, and for Other Purposes.” Approved: June 17, 2009.

¹⁰ See Audit Observation Memorandum No. 2013-01-(2010-2012) dated July 10, 2013; *rollo*, pp. 148–159.

¹¹ *Rollo*, p. 159.

¹² Dated August 8, 2013; *id.* at 161.

¹³ ND No. 2013-01(2010-2012) dated September 30, 2013; *id.* at 168–184.

¹⁴ *Id.* at 172–175.

¹⁵ *Id.* at 168.

¹⁶ See Memorandum of Appeal; *id.* at 187–202.

¹⁷ Dated January 12, 2015; not attached in the Petition.

¹⁸ *Rollo*, p. 209.

¹⁹ Dated March 15, 2018; *id.* at 206–213. Signed by Chairperson Michael G. Aguinaldo and Commissioner Jose A. Fabia of the Commission on Audit, Quezon City.

the ND and liability of the approving and/or certifying officers, and the absolution of the passive recipients on the ground of good faith, citing *Silang v. Commission on Audit*.²⁰

Cochingco and the other officers liable under the ND, together with the incumbent Regional Director of NEDA Caraga, Bonifacio G. Uy (Uy), filed a Motion for Partial Reconsideration,²¹ asserting the validity of the CEMA grant and arguing for their exemption from liability on the ground of good faith. In the alternative, the officers prayed that they be made to refund only the amount that each of them received. **Dela Calzada, et al., on the other hand, did not file a motion for reconsideration since they were already absolved from liability.**

In the assailed Decision No. 2021-491,²² the COA Proper sustained the validity of the ND and the solidary liability of the officers to refund the total amount of disallowance. The COA Proper went further to revisit its ruling on petitioners' liability despite non-participation of the petitioners in the motion:

As to the payees, this Commission revisits its ruling exempting them from liability in view of the ruling of the SC in the recent case of *Chozas [v. Commission on Audit]*, where the SC held that:

The natural consequence of a finding that the allowances and benefits were illegally disbursed, is the consequent obligation on the part of all the recipients to restore said amounts to the government coffers. Such directive is in accord with Article 22 of the Civil Code, which states that, “[e]very person who through an act of performance by another, or any other means, acquires or comes into possession of something at the expense of the latter without just or legal ground, shall return the same to him.” This principle of unjust enrichment applies when, “(i) a person is unjustly benefited; and (ii) such benefit is derived at the expense of or with damages to another.”

This strict stance is evidence from the Court's recent pronouncements in *Rotoras, James Arthur T. Dubongco, Provincial Agrarian Reform Program Officer II of Department of Agrarian Reform Provincial Office-Cavite in Representation of Darpo-Cavite and All Its Officials and Employees [v.] Commission on Audit*, and *Department of Public Works and Highways [v.] COA*, where the Court ordered the full restitution of all benefits unlawfully received by government employees. Furthermore, the Court in *Rotoras* stressed that the defense of good faith shall no longer work to exempt them [*sic*] the payees from such obligation, [. . .]:

²⁰ 769 Phil. 327, 346 (2015) [Per J. Perlas-Bernabe *En Banc*].

²¹ *Rollo*, pp. 215-233.

²² *Id.* at 104-109.

.....

WHEREFORE, . . . , the Motion for Partial Reconsideration of [Cochingco], former Regional Director (RD), et al., **all of the [NEDA RO XIII], represented by the incumbent RD, [Uy], is hereby DENIED.** Accordingly, [COA] Decision No. 2018-306 dated March 15, 2018, which approved COA [NGS] – Cluster 2 Decision No. 2015-03 dated January 12, 2015, is **AFFIRMED with MODIFICATION**, in that the employees who received the benefits remain liable to refund the amount they received.²³ (Citations omitted and emphasis supplied)

Aggrieved, Dela Calzada et al. challenge the Decision. They argue that the COA Proper committed grave abuse of discretion when it reversed its previous ruling, which had already attained finality, excluding them from liability. They emphasized that they were not parties to the officers' Motion for Partial Reconsideration, and their right to due process was violated.²⁴ In any case, petitioners invoke good faith²⁵ and claim that the CEMA that they received has valid and sufficient factual and legal bases.²⁶

The COA Proper, through the Office of the Solicitor General (OSG),²⁷ counters that the Motion for Partial Reconsideration prevented Decision No. 2018-306 from attaining finality since the issue on the validity of the ND is not severable from the issue on the liabilities.²⁸ Assuming that Decision No. 2018-306 had already attained finality, the OSG posits that the exceptions on immutability of judgments apply, i.e., existence of special or compelling circumstances. Specifically, the OSG argues that the application of the supervening jurisprudence and the correction of the inequitable effect of making the officers solely liable for the disallowed amount are sufficient justifications for the COA Proper to rectify its previous ruling on petitioners' liability.²⁹

Issue

Whether the COA Proper committed grave abuse of discretion in reinstating the liability of Dela Calzada et al. in the ND based on the Motion for Partial Reconsideration filed by the approving and/or certifying officers.

²³ *Id.* at 107–108.

²⁴ *Id.* at 23–24.

²⁵ *Id.* at 31–35.

²⁶ *Id.* at 25–30.

²⁷ See Comment; *id.* at 255–289.

²⁸ *Id.* at 264–267.

²⁹ *Id.* at 267–268.

Ruling

We answer in the affirmative.

Generally, this Court sustains the rulings of the COA in deference to its constitutional mandate with regard to expenditures of government funds, as well as its presumed expertise in the laws entrusted to them to enforce.³⁰ However, through the extraordinary writ of *certiorari*, the Court would 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.”³¹ We have consistently explained:

The special civil action-for *certiorari* is intended for correction of errors of jurisdiction . . . or grave abuse of discretion amounting to lack or excess of jurisdiction. Its principal office is . . . to keep the inferior court within the parameters of its jurisdiction or to prevent it from committing such a grave abuse of discretion amounting to lack or excess of jurisdiction.

. . . .

Excess of jurisdiction as distinguished from absence of jurisdiction means that 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 general power in respect of it are wanting. Without jurisdiction means lack or want 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. It means lack of power to exercise authority. **Grave abuse of discretion implies such capricious and whimsical exercise of judgment** as is equivalent to lack [or excess] of jurisdiction or, in other words, **where the power is exercised in an arbitrary manner by reason of passion, prejudice, or personal hostility, and it must be so patent or gross as to amount to an evasion of a positive duty or to a virtual refusal to perform the duty enjoined or to act at all in contemplation of law.**³² (Citations omitted and emphasis supplied)

In this case, we find that the COA Proper committed grave abuse of discretion when it reviewed and reversed its previous ruling that was no longer questioned by any party since such act deviated from the applicable rules under the 2009 Revised Rules of Procedure of the [COA]³³ (RRPC), the Rules of Court, the doctrine of immutability of final judgments, and the principle of prospective overruling. In addition, Dela Calzada et al.’s rudimentary right to procedural due process was violated. It is settled, the obstinate disregard of basic and established rule of law or procedure constitutes grave abuse of discretion.³⁴

³⁰ *Genuino v. Commission on Audit*, G.R. No. 230818, June 15, 2021 [Per J. Delos Santos, *En Banc*].

³¹ *Id.*

³² *Id.*; and *Chamber of Real Estate and Builders Associations, Inc. (CREBA) v. Secretary of Agrarian Reform*, 635 Phil. 283, 303 (2010) [Per J. Perez, First Division].

³³ Entitled, “The 2009 Revised Rules of Procedure of the Commission on Audit.” Approved: September 15, 2009.

³⁴ *See Cruz v. People*, 812 Phil. 166, 174 (2017) [Per J. Leonen, Second Division].

The COA Rules of Procedure was disregarded

The COA has set its own rules to modify or revise its judgments, decisions, and resolutions. Rule X, Section 12,³⁵ in relation to Rule X Sections 9³⁶ and 10³⁷ of the RRPC, as amended,³⁸ **requires the aggrieved party³⁹ to file a motion for reconsideration for the COA Proper to review its decision** or a petition for *certiorari* for judicial review; otherwise, the decision becomes final and executory upon the lapse of 30 days from notice. The motion, as required under Section 11⁴⁰ of the same Rule must be “verified and x x x [must] point out specifically the findings or conclusions of the decision which are not supported by evidence or which are contrary to law, making express reference to the testimonial or documentary evidence or the provisions of law that such finding or conclusions are alleged to be contrary to.”⁴¹

Although the COA Proper is authorized to *motu proprio* exercise its power of review, i.e., even sans appeal or motion from any party, it is only to review the decision of the COA Director which is in conflict with the Auditor’s issuance.⁴² This is an internal procedure for the COA to ensure the uniformity of its officers’ rulings before the decision becomes final. In all other cases of review, the COA Proper is not authorized under its rules to act *motu proprio*.

³⁵ Sec. 12. *Effect of Motion for Reconsideration and How it is Disposed of.* — A motion to reconsider a decision, complying with the immediately preceding section, suspends the running of the period to elevate the matter to the Supreme Court. Within two (2) days from its filing, the Commission Secretary shall refer the motion to the Director/ASB for comments. Upon receipt of the comments, he shall forward the same together with the motion to the Legal Services Sector for study and recommendation. The latter shall, within fifteen (15) days from receipt thereof, submit a draft decision, for the consideration of the Commission Proper.

³⁶ Sec. 9. *Finality of Decisions or Resolutions.* — A decision or resolution of the Commission upon any matter within its jurisdiction shall become final and executory after the lapse of thirty (30) days from notice of the decision or resolution, where a

The filing of a petition for *certiorari* shall not stay the execution of the judgment or final order sought to be reviewed, unless the Supreme Court shall direct otherwise upon such terms as it may deem just.

³⁷ Sec. 10. *Motion for Reconsideration.* — A motion for reconsideration may be filed within thirty (30) days from notice of the decision or resolution, on the grounds that the evidence is insufficient to justify the decision; or that the said decision of the Commission is contrary to law. Only one (1) motion for reconsideration of a decision of the Commission shall be entertained.

³⁸ Commission on Audit Resolution No. 2011-006, Entitled “Resolution Modifying Sections 9 and 10 of the 2009 Revised Rules of Procedure of the Commission on Audit.” Approved: August 17, 2011.

³⁹ See Rules of Court, Rule 37, Sec. 1. *Grounds of and Period for Filing Motion for New Trial or Motion for Reconsideration.* — Within the period for taking an appeal, the **aggrieved party** may move the trial court to set aside the judgment or final order and grant a new trial for one or more of the following causes materially affecting the substantial rights of said party: . . . (Emphasis supplied)

⁴⁰ Sec. 11. *Form and Contents of the Motion for Reconsideration.* — The motion shall be verified and shall point out specifically the findings or conclusions of the decision which are not supported by the evidence or which are contrary to law, making express reference to the testimonial or documentary evidence or the provisions of law that such finding or conclusions are alleged to be contrary to.

⁴¹ *Id.*

⁴² 2009 Revised Rules of Procedure of the Commission on Audit, Rule V, Sec. 7. *Power of Director on Appeal.* — The Director may reverse, modify, or alter the decision of the Auditor. **If the Director reverses, modifies or alters the decision of the Auditor, the case shall be elevated directly to the Commission Proper for automatic review of the Directors’ decision.** The dispositive portion of the Director’s decision shall categorically state that the decision is not final and is subject to automatic review by the [Commission Proper]. (Emphasis supplied)

Y

Here, no motion for reconsideration was filed as regards petitioners' liability since they were already absolved, but the COA Proper still reviewed and, worse, reversed its previous ruling. The COA Proper expediently assumed that Uy, as the incumbent regional director, represented the *entire* NEDA Caraga, including Dela Calzada et al., in the Partial Motion for Reconsideration.⁴³ This assumption is erroneous because Dela Calzada et al. are not parties to the Partial Motion for Reconsideration. The caption of the motion specifically stated the names of the "movants-appellants:"⁴⁴ Cochingco, Derequito, Sells, Casurra, and Dy, "represented by incumbent Regional Director [Uy]."⁴⁵ Furthermore, the arguments in the motion discussed only the officers' liability.⁴⁶ The officers prayed that they be exempt from reimbursement of the disallowed amount or, in the alternative, they be made to refund only the amount each of them received.⁴⁷ Except for iterating petitioners' absolution, no other allegation or argument was raised as regards petitioners' liability. Finally, Dela Calzada et al. never authorized Uy to represent them in any case, unlike Cochingco, Derequito, Cassura, and Dy, who executed separate special power of attorneys expressly designating Uy as their attorney-in-fact in the Partial Motion for Reconsideration.⁴⁸

Clearly, from the foregoing, the COA Proper disregarded its own rules of procedure when it unilaterally reversed its ruling anent Dela Calzada et al.'s exemption from liability. As the COA Proper acted in a manner not sanctioned by the RRPC and such act affected petitioners' substantive right to property, its invalidation is warranted.⁴⁹

The Rules of Court allows partial reconsideration

The OSG argues that every disallowance entails a corresponding liability on every person who participated in the transaction—whether as an approving and/or certifying officer or a mere recipient—and all issues arising from a disallowance must be determined jointly. In précis, the OSG maintains that the determination of the validity of the ND cannot be separated from the discussion on the rules of return of the disallowed amount. If an ND is sustained, all persons liable to settle the disallowed amount must be determined as a matter of course. Further, the solidary nature of the liability in disallowances between recipients and the approving and/or certifying officers bolsters the argument that such matters are inseparable.

The OSG is mistaken.

⁴³ See Commission on Audit Proper Decision No. 2021-491; *rollo*, p. 108.

⁴⁴ *Id.* at 215.

⁴⁵ *Id.*

⁴⁶ *Id.* at 220-231.

⁴⁷ *Id.* at 232.

⁴⁸ *Id.* at 242-245.

⁴⁹ 2009 Revised Rules of Procedure of the Commission on Audit, Rule XV, Sec. 2. Any deviation from these rules, which does not affect the substantive rights of the parties, shall not invalidate the action taken by the Commission.

“[W]hen matters, issues, or claims can properly and conveniently be separately resolved,”⁵⁰ Rule 37, Section 7 of the Rules of Court⁵¹ permits division of judgments, i.e., a portion may be considered final and unappealable while another portion is pending appeal or reconsideration.⁵² The Rule states:

SEC. 7. Partial New Trial or Reconsideration. — If the grounds for a motion under this Rule appear to the court to affect the issues as to only a part, or less than all of the matter in controversy, or only one, or less than all, of the parties to it, the court may order a new trial or **grant reconsideration as to such issues if severable without interfering with the judgment or final order upon the rest.** (Emphasis supplied)

The issue on the validity of the ND is severable from the issue on petitioners’ liability because whether the ND is affirmed or otherwise struck down as invalid on the officers’ Partial Motion for Reconsideration, such ruling is no longer consequential upon petitioners because they had already been taken out of the picture by being absolved from any liability under the ND.

In the same vein, despite its unique⁵³ solidary nature, the determination of whether an approving and/or certifying officer should be held liable in a disallowance is not dependent upon the determination of the recipients’ liability because the grounds by which their liabilities arise are distinct.⁵⁴ To elucidate, We have settled in *Madera v. Commission on Audit*⁵⁵ that mere receipt of public funds without valid basis or justification gives rise to the obligation to return what was unduly received; but note that *Madera* also introduced jurisprudentially-recognized grounds which may excuse some or all of the recipients from such obligation.⁵⁶ On the other hand, approving and/or certifying officers of a disallowed amount may be held civilly, administratively, and/or criminally liable upon proof that their act was tainted with bad faith, malice, or gross negligence. Clearly, the liabilities of the two sets of participants in a disallowance arise from two distinct sources—the recipients’ liability arise from the civil law principles of unjust enrichment and *solutio indebiti*, while that of the officers’ arise from public accountability.⁵⁷ The two liabilities become relevant to each other only when it comes to the execution of the civil obligation to refund through the application of the

⁵⁰ *Associated Anglo-American Tobacco Corporation v. Court of Appeals*, 633 Phil. 266, 275 (2010) [Per J. Del Castillo, Second Division].

⁵¹ The 2009 Revised Rules of Procedure of the Commission on Audit, as amended, allows the application of “the pertinent provisions of the Rules of Court . . . by analogy or in suppletory character and effect” in the absence of any applicable provision in its own rules as stated under Rule XV, Section 1 of said rules.

⁵² *Id.*

⁵³ See Concurring Opinion of Justice Alfredo Benjamin S. Caguioa in *Lozada v. Commission on Audit*, G.R. No. 230383, July 13, 2021 [Per J. Inting, *En Banc*].

⁵⁴ See *Abellanosa v. Commission on Audit*, 890 Phil. 413, 427 (2020) [Per J. Perlas-Bernabe, *En Banc*].

⁵⁵ 882 Phil. 744 (2020) [Per J. Caguioa, *En Banc*].

⁵⁶ *Id.* at 810. See *Abellanosa v. Commission on Audit*, 890 Phil. 413 (2020) [Per J. Perlas-Bernabe, *En Banc*].

⁵⁷ *Id.* at 427–430.

concept of “net disallowed amount” as laid down in *Madera*, i.e., exemption of recipients from liability tempers the officers’ civil liability in that the amount to be refunded shall be limited to that which remains unexcused.⁵⁸

Verily, contrary to the OSG’s contention, the existence and extent of the officers’ liability may be determined independently from the final judgment excusing petitioners from liability. Consistent with its own rules of procedure, as well as the Rules of Court, the COA Proper should have limited its resolution to the issue/s raised in the Partial Motion for Reconsideration.

Petitioners’ exoneration has become final

Since no party questioned the COA Proper’s affirmance of petitioners’ exemption from liability, judgment on that matter undeniably lapsed into finality pursuant to Rule X, Section 9⁵⁹ of the RRPC, as amended. It is well-established, a judgment becomes final and executory by operation of law. Finality becomes a fact when the reglementary period to question the judgment lapses and no such question was lodged. As a consequence, no court or tribunal (not even this Court) can review or modify a judgment that has become final.⁶⁰ Our pronouncement in *One Shipping Corp. v. Peñafiel*⁶¹ is apropos:

In *Aliviado v. Procter and Gamble Phils., Inc.*, [we ruled]:

It is a hornbook rule that **once a judgment has become final and executory, it may no longer be modified in any respect, even if the modification is meant to correct an erroneous conclusion of fact or law**, and regardless of whether the modification is attempted to be made by the court rendering it or by the highest court of the land, as what remains to be done is the purely ministerial enforcement or execution of the judgment.

The doctrine of finality of judgment is grounded on fundamental considerations of public policy and sound practice at the risk of occasional errors, the judgment of adjudicating bodies must become final and executory on some definite date fixed by law. [...], the Supreme Court reiterated that **the doctrine of immutability of judgment is adhered to by necessity notwithstanding occasional errors that may result thereby, since litigations must somehow come to an end for otherwise, it would “even be**

⁵⁸ *Madera v. Commission on Audit*, 882 Phil. 744 (2020) [Per J. Caguioa, *En Banc*].

⁵⁹ Sec. 9. *Finality of Decisions or Resolutions*. — A decision or resolution of the Commission upon any matter within its jurisdiction shall become final and executory after the lapse of thirty (30) days from notice of the decision or resolution, where a

The filing of a petition for *certiorari* shall not stay the execution of the judgment or final order sought to be reviewed, unless the Supreme Court shall direct otherwise upon such terms as it may deem just.

⁶⁰ *Torres v. Aruego*, 818 Phil. 524, 538 (2017) [Per J. Del Castillo, First Division], citing *PCI Leasing and Finance, Inc. v. Milan*, 631 Phil. 257, 277-278 (2010) [Per J. Leonardo-De Castro, First Division].

⁶¹ 751 Phil. 204 (2015) [Per J. Peralta, Third Division].

more intolerable than the wrong and injustice it is designed to correct.”

[Also,] [i]n *Mocorro, Jr. v. Ramirez*, we held that:

A definitive final judgment, however erroneous, is no longer subject to change or revision.

A decision that has acquired finality becomes immutable and unalterable. This quality of immutability precludes the modification of a final judgment, even if the modification is meant to correct erroneous conclusions of fact and law. And this postulate holds true whether the modification is made by the court that rendered it or by the highest court in the land. The orderly administration of justice requires that, at the risk of occasional errors, the judgments/resolutions of a court must reach a point of finality set by the law. The noble purpose is to write finis to dispute once and for all. This is a fundamental principle in our justice system, without which there would be no end to litigations. Utmost respect and adherence to this principle must always be maintained by those who exercise the power of adjudication. **Any act, which violates such principle, must immediately be struck down.** Indeed, the principle of conclusiveness of prior adjudications is not confined in its operation to the judgments of what are ordinarily known as courts, but extends to all bodies upon which judicial powers had been conferred.⁶² (Citations omitted and emphasis supplied)

We stress, not even this Court can re-assess, much less alter, a final judgment, especially when such ruling was not challenged before the forum. As we have held in *Philippine Mining Development Corp. v. Aguinaldo*:⁶³

In *Securities and Exchange Commission v. Commission on Audit*, this Court, sitting *En Banc*, resolved not to rule on the merits of the civil liability of the payee-recipients who were already exonerated from liability by the COA, especially since such absolution was not questioned before this Court[.]

.....

The particular circumstances (sic) is similar to [*Securities and Exchange Commission*]. To recall, the COA-CP similarly excluded the recipient employees from refunding the medical benefits they received. **While they were absolved on the basis of good faith as abandoned in Madera, this Court must give due deference to the doctrine of finality of judgments, considering that their corresponding liability was no longer raised as an issue in the instant petition.** Concomitantly, in [*Securities and Exchange Commission*,] the Court affirmed the COA-CP Decision, excusing the passive payees from returning the disallowed amounts on the ground of having received the same in good faith. Since

⁶² *Id.* at 210–211.

⁶³ G.R. No. 245273, July 27, 2021 [Per J. J.Y. Lopez, *En Banc*].

their liability was no longer questioned or put in issue in the instant petition, this Court considered the COA-CP's Decision "final and immutable."

Consistently, this Court shares the observation of Senior Associate Justice Estela Perlas-Bernabe (*Justice Perlas-Bernabe*) that **there is no cogent reason to deviate from the prevailing rule that when the payee-recipients have already been finally absolved from civil liability by the COA, the merits of such absolution should be respected and not touched upon by the Court in an appeal filed by the approving or certifying officers, who in contrast, were held liable under the subject disallowances.** As such, this Court maintains the absolution of herein recipient employees pursuant to the finality of judgment as elucidated in the earlier rulings of *SSS* and *SEC*.⁶⁴ (Citations omitted and emphasis supplied)

Albeit the cited case deals with the Court's review power and not the COA Proper's *motu proprio* review of its unquestioned ruling as in this case, the same rationale that precludes review applies in this case, i.e., parties who do not challenge a favorable ruling for obvious reasons can no longer be prejudiced by a subsequent unilateral review. As aptly remarked by Justice Japar B. Dimaampao during deliberations, the basic tenets of fair play and due process, coupled with the severability of the issues involved, foreclose any amendment on the COA Proper's unchallenged ruling.

Jurisprudence applies prospectively

Unrelenting to its cause, the OSG posits that this case falls within the exceptions⁶⁵ to the doctrine of immutability of judgments, citing jurisprudential developments and the need to cure the inequitable allocation of liabilities as special and compelling reasons which justify the reversal of the otherwise final ruling of exemption on petitioners' liability.

This argument is misplaced.

"[W]hen a doctrine of this Court is overruled and a different view is adopted, the new doctrine should be applied prospectively, and should not apply to parties who had relied on the old doctrine and acted on the faith thereof."⁶⁶ With more reason, a *supervening* doctrine cannot justify reversal of a *final judgment*. This is because:

⁶⁴ *Id.*

⁶⁵ *See Taisei Joint Venture v. Commission on Audit*, 873 Phil. 323, 349 (2020) [Per J. Lazaro-Javier, *En Banc*]: "(1) [T]he correction of clerical errors; (2) the making of so-called *nunc pro tunc* entries that cause no prejudice to any party; and (3) in case of void judgments. The Court has further allowed the relaxation of the rigid rule on the immutability of a final judgment in order to serve substantial justice in considering: (1) matters of life, liberty, honor or property; or (2) **the existence of special or compelling circumstances**; or (3) the merits of the case; or (4) a cause not entirely attributable to the fault or negligence of the party favored by the suspension of the rules; or (5) a lack of any showing that the review sought is merely frivolous and dilatory; or (6) the other party will not be unjustly prejudiced thereby." (Emphasis supplied)

⁶⁶ *Carpio-Morales v. Court of Appeals*, 772 Phil. 672, 775-776 (2015) [Per J. Perlas-Bernabe, *En Banc*], citing *People v. Jabinal*, 154 Phil. 565 (1974) [Per J. Antonio, Second Division].

[P]ursuant to Article 8 of the Civil Code “judicial decisions applying or interpreting the laws or Constitution shall form a part of the legal system of the Philippines.” But while our decisions form part of the law of the land, they are also subject to Article 4 of the Civil Code which provides that “laws shall have no retroactive effect unless the contrary is provided. This is expressed in the familiar legal maxim *lex prospicit, non respicit*, the law looks forward not backward. The rationale against retroactivity is easy to perceive. The retroactive application of a law usually divests rights that have already become vested or impairs the obligations of contract and hence, is unconstitutional.⁶⁷

Thus, it was arbitrary on the part of the COA Proper to reinstate petitioners’ liability to apply the new precedent—good faith is no longer recognized as a justification to excuse recipients from liability—when, at the time the previous ruling was issued and became final, prevailing jurisprudence says otherwise. To stress, *Chozas v. Commission on Audit*⁶⁸ and all the other cases⁶⁹ cited in that case, which was the basis of the COA Proper in reinstating petitioners’ liability was promulgated in 2019 or after the COA Proper’s previous ruling in 2018 had become final with respect to petitioners’ liability. Too, it may not come amiss to note that it was only in *Madera*, promulgated in 2020, when the Court *En Banc* clarified the inapplicability of the good faith rule in excusing a recipient from liability in a disallowance. Verily, we cannot countenance a deviation from the time-honored doctrine of immutability of judgments only to violate the equally-recognized principle of prospective overruling.

Neither would the nobility of addressing the inequitable consequence of petitioners’ absolution validate the reversal of the final judgment because, as it happened, it only resulted in the arbitrary reinstatement of civil liability on the part of the petitioners. In any case, at this juncture, the application of the concept of net disallowed amount as laid down in *Madera* may address the inequitable burden upon the officers without resorting to the reversal of the final ruling on petitioners’ exemption from liability.

Petitioners’ due process right was violated

The essence of procedural due process is embodied in the basic requirement of notice and a real opportunity to be heard.⁷⁰ As we have held in *Bangko Sentral ng Pilipinas v. Commission on Audit*:⁷¹

Due process in administrative proceedings does not require the submission of pleadings or a trial-type of hearing. [Nevertheless, it is

⁶⁷ *Id.* at 776, citing *Spouses Benzonan v. Court of Appeals*, 282 Phil. 530 (1992) [Per. J. Gutierrez, Jr., Third Division].

⁶⁸ 864 Phil. 733 (2019) [Per J. A. Reyes, Jr., *En Banc*].

⁶⁹ See *Rotoras v. Commission on Audit*, 860 Phil. 268 (2019) [Per J. Leonen, *En Banc*]; *Dubongco v. Commission on Audit*, 848 Phil. 370 (2019) [Per J. J. Reyes, Jr., *En Banc*]; and *Department of Public Works and Highways v. Commission on Audit*, 849 Phil. 820 (2019) [Per J. J. Reyes, Jr., *En Banc*].

⁷⁰ *Vivo v. Philippine Amusement and Gaming Corporation*, 721 Phil. 34, 43 (2013) [Per J. Bersamin, *En Banc*], citing *Casimiro v. Tandog*, 498 Phil. 660 (2005) [Per J. Chico-Nazario, Second Division].

⁷¹ 818 Phil. 429 (2017) [Per J. Leonen, *En Banc*].

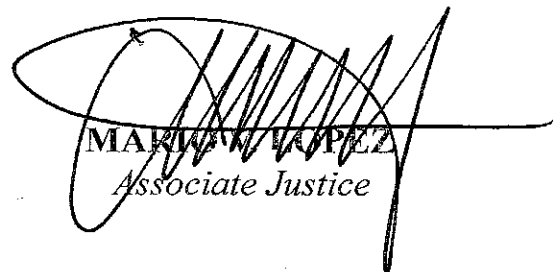
imperative that] the party is duly notified of the allegations against him or her and is given the chance to present his or her defense. Furthermore, due process requires that the proffered defense should have been considered by the tribunal in arriving at its decision.⁷²

Here, the Court observes that all throughout the proceedings before the COA, from the auditors, the NGS, and the COA Proper, all pleadings were filed by the officers. Dela Calzada et al. were exonerated at the NGS level, which was affirmed by the COA Proper. For obvious reasons, Dela Calzada et al. no longer posed any objection and they were no longer parties before the forum. However, in the subsequent motion for reconsideration filed solely by the officers, the COA Proper applied a new doctrine and unilaterally reinstated petitioners' liability. Such act clearly violated petitioners' right to due process since they were not given the opportunity to squarely and intelligently defend themselves from such new doctrine.

In all, the COA Proper gravely abused its discretion in unilaterally reversing its final judgment—because of its fervor to apply a supervening case law and to address the unfair distribution of liability, it arbitrarily disregarded the established rules on its review power, causing undue prejudice to petitioners. For this reason, the Court finds it unnecessary to delve on the other arguments raised in the Petition.

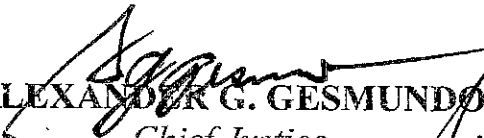
ACCORDINGLY, the Petition for *Certiorari* is **GRANTED**. The Decision No. 2021-491 (Resolution) dated December 22, 2021 of the Commission on Audit Proper is **SET ASIDE** insofar as petitioners Michelle P. Dela Calzada et al.'s liability under Notice of Disallowance No. 2013-01(2010-2012) was reinstated. Petitioners Michelle P. Dela Calzada et al. remain **EXCUSED** from the civil liability to return the disallowed amount due to the finality of the Commission on Audit Proper's Decision No. 2018-306 on that aspect.

SO ORDERED.


MARKON W. LOPEZ
Associate Justice

⁷² *Id.* at 452.

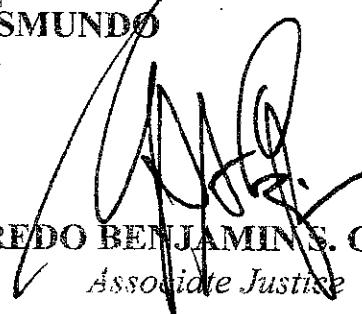
WE CONCUR:



ALEXANDER G. GESMUNDO
Chief Justice



MARVIC M.V. F. LEONEN
Senior Associate Justice



ALFREDO BENJAMINS. CAGUIOA
Associate Justice

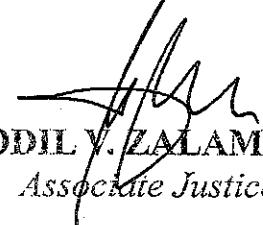


RAMON PAUL L. HERNANDO
Associate Justice

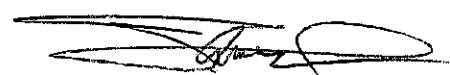
On official business
AMY C. LAZARO-JAVIER
Associate Justice



HENRI JEAN PAUL B. INTING
Associate Justice



RODIL V. ZALAMEDA
Associate Justice



SAMUEL H. GAERLAN
Associate Justice



RICARDO R. ROSARIO
Associate Justice



JHOSEP Y. LOPEZ
Associate Justice

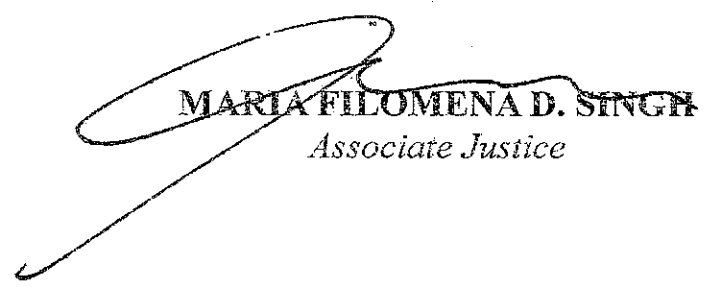
On official business
JAPAR B. DIMAAMPAO
Associate Justice



JOSE MIDAS P. MARQUEZ
Associate Justice



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.



ALEXANDER G. GESMUNDO
Chief Justice